Daily Report

Latin America

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Cuba

Diplomatic Relations Resumed With Chile

PA0704233595 Havana PRENSA LATINA in Spanish 2241 GMT 7 Apr 95

[FBIS Translated Text] Havana, 7 Apr (PL)—Cuba and Chile today renewed diplomatic relations, which were suspended 21 years ago following the coup d'etat that overthrew socialist President Salvador Allende in September 1973.

The announcement was made this afternoon by Cuban Foreign Minister Roberto Robaina, who made public a joint communique during a news conference at the Cuban Foreign Ministry.

The document explains that the two governments decided to take this step, "inspired by the wish to develop friendly links based on the principles of equal rights, respect for the sovereignty of other states, and nonintervention in other states' affairs."

The two countries had renewed ties at the consular and commercial level in July 1991 during the First Ibero-American Presidential Summit in Guadalajara, Mexico.

Robaina said Chile is one of the countries that have maintained communications channels in trade, cultural, and others fields without having diplomatic relations with Cuba.

In pointing out the sacred and respectful ties that have always existed between the people of Cuba and Chile, the foreign minister said the establishment of embassies in the respective capitals will promote trust among businessmen and will open new channels.

He said this step has been taken after a lengthy, complex, and difficult process that took into account the domestic situations in both countries, especially Chile.

He noted: It is possible that many sectors in Santiago would have liked to have seen this decision made a long time ago, but this is something that does not always depend on the willingness of government representatives and certain sectors. This is a decision, he affirmed, that is made when the conditions are right.

Robaina Reads Communique on Ties

FL0804015395 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 8 Apr 95

[Passages in quotation marks recorded; from the "NTV" newscast]

[FBIS Translated Text] Diplomatic relations between Chile and Cuba were reestablished this afternoon as announced by communiques read in Havana and Santiago de Chile. Following a lengthy, complex, yet difficult process, Cuba and Chile agreed to elevate their current consular ties to full diplomatic relations. This was simultaneously made public at the Chilean and Cuban Foreign Ministries. For the Cuban side, Foreign Minister Roberto Robaina announced to reporters:

[Robaina] "That the Governments of the Republic of Cuba and the Republic of Chile, inspired by the wish to develop their ties of friendship based on the principles of equal rights, respect for sovereignty of other states, and nonintervention in the domestic affairs of other states, and the other principles contained in the UN Charter, have agreed to elevate the current consular ties by reestablishing diplomatic relations from this day on.

"The Government of the Republic of Cuba and the Republic of Chile will establish embassies in their respective capitals, and their operation will be ruled by the norms of the Vienna Convention on diplomatic relations. Havana, 7 April 1995."

Although until now, there were no diplomatic relations with Chile, and in light of the prospect of an increase in commercial ties between the two nations, Robaina addressed the changes that this new reality entails.

[Robaina] "Right now, there are commercial, cultural, and every kind of communication channels between the peoples of Cuba and Chile. I believe that undoubtedly, the fact of having offices, with all the facilities that diplomatic relations provide, and the rank established by those diplomatic relations, inspires trust among businessmen and opens channels otherwise closed when there are no diplomatic relations."

What motivated both sides to take this step?

[Robaina] "This is a step taken when the conditions are created to do so. In my opinion, Chile understood that the conditions were ripe right now, and I believe this is the outcome of a process of respect by Chile and Chile's awareness that Cuba was not desperate to reestablish relations at any time. What was important for us was to open a channel of communication. That channel was opened. It existed, and in my opinion, it is not only open now, in light of what already existed, but existed as result of a sovereign will that both Chile and Cuba were poised to implement."

This sovereign decision becomes a point of continuity in the historic and always respectful relations between the peoples of Chile and Cuba.

Vice Foreign Minister Visits Chile, Views Investment

FL0804134395 Havana Radio Rebelde Network in Spanish 2300 GMT 7 Apr 95

[From the "Exclusive" program]

[FBIS Translated Text] In an interview published in Santiago de Chile on 7 April in the finance magazine EL DIARIO, Vice Foreign Minister Fernando Remirez said that foreign investment in Cuba over the last four years totals $1.5 billion. The business ventures agreed to, including 180 wholesale operations, will be egalitarian

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associations and risk will be shared between the contractor and the state. However, Remirez said, the government currently advocates a new, more flexible laws to regulate foreign contributions currently set at 50 percent. Remirez, who is visiting Chile this week, said that Cuban investment in the international economy could be expedited by the elimination of the anti-Cuban boycott instigated by the United States.

Terms Ties 'Timely'

FL0804183295 Havana Radio Rebelde Network in Spanish 1155 GMT 8 Apr 95

[Telephone interview with Vice Foreign Minister Jorge Bolanos Suarez and correspondent Orlando Contreras Castro in Santiago de Chile by unidentified announcer; from the "Doing Radio" program—live]

[FBIS Translated Text] [Announcer] Good morning and welcome Vice Foreign Minister Bolanos. Could you give us your impressions regarding the significant reestablishment of official diplomatic relations between Cuba and Chile, given the fact that for a long time you were Cuba's Ambassador to Brazil, and were very close to Chile and the Chilean people?

[Bolanos] I think that the restoration of Chilean-Cuban relations is timely. The fact that we have raised the level to full diplomatic relations lends a new dimension to our relations, and allows for the possibility of more integrated efforts and greater prospects. Diplomatic relations open up the possibility of economic, trade, scientific, and technological cooperation, as well as in cultural areas. As you know that the rules of consular ties are more limiting, under which commercial activity can be supported, but never with the authority, quality, and possibilities that diplomatic relations allow. At the same time, this allows for access to all Chilean governmental departments for full state-to-state communications.

[Announcer] There is also obvious interest in how the Chilean business community has reacted to the economic opening under way in Cuba.

[Bolanos] Yes, clearly Cuban diplomatic policy reflects a great awareness of the need for a stable, sustainable policy. A policy that first and foremost helps and supports ending the blockade, and second, supports the development of our economic plan.

[Announcer] Vice Foreign Minister Bolanos, I propose we ask Orlando Contreras to describe the Chilean press' reaction to the news.

[Contreras] The national newspaper LA NACION here printed the news of renewed diplomatic relations as the leading headline on the front page, noting that after 21 years, both nations have decided to renew full diplomatic relations and featuring file photographs of Eduardo Frei and Fidel Castro. LA NACION also says—and this is an matter that has to be confirmed and that also depends on the National Assembly of the People's Government—that accredited consular representatives will be installed in Santiago de Chile and Havana. Yesterday, Chilean Foreign Minister Jose Miguel Insulza said that Chile has already requested the Cuban Government's approval to appoint current consul general Patricio Pozo as its ambassador in Havana. Humberto Hernandez was appointed Cuban ambassador to Chile, who told me personally of the appointment which will be announced later.

Getting back to the newspapers, EL MERCURIO also featured the renewal of diplomatic relations on the first page. It carries a large picture of Foreign Minister Insulza with Consul Humberto Hernandez and the caption reads: full ties with Havana. [passage omitted]

[Announcer] Orlando has a bit of a scoop announcing the names of both ambassadors, would you care to comment on that?

[Bolanos] I was listening with great interest to our friend Contreras' scoop. Diplomatic discretion does not permit me to make a statement on the appointments that I would like to make. They are issues that are subject to the approval process.

[Program host] Thank you both very much.

Republican Control of Congress Termed 'Dangerous'

FL0704171495 Havana Radio Rebelde Network in Spanish 1155 GMT 7 Apr 95

[Commentary by Eduardo Dimas; from the "Doing Radio" program]

[FBIS Translated Text] Good morning. I sometimes think that the most intelligent and savvy thing the members of the extreme right and reactionaries have done is to keep their ideas alive in their respective societies. They assume extreme postures in defense of what they believe to be nationalism, a mixture of racism and chauvinism. They have an aggressive vocabulary that can elicit panic from the opposition and admiration from the middle class, the social basis for these ideas. They generally demonstrate great political adroitness and an absolute lack of scruples—which leads to all kinds of excesses—and complete disregard for all types of agreements, laws, and principles in pursuit of their objectives.

Big money interests are behind the reactionary elements. Therefore, it is very difficult to speak of fascism without mentioning capitalism; it is its origin, its genesis. The ultraconservatives become increasingly more aggressive when they achieve a goal, or succeed in occupying high level positions. We currently see this type of situation in the United States.

With the disappearance of socialism and the fall of the Soviet Union, the United States became the only superpower in the world. This allowed it to dictate decisions at

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the U.N. Security Council, and to become a determining influence in world affairs, which does not mean that they can impose their will in every situation. Nevertheless, it is evident that all governments consider U.S. interests at decision-making time, even though they are struggling to impose their own interests. If we add the facts that the most reactionary sectors of the Republican Party gained a crushing victory when they won a majority in both houses of congress, and they face a President who has shown signs of weakness and waffling and lacks popular support, they doubtlessly have reason to feel euphoric, and almost assured of winning the next presidential election, which would in fact give them control of the three branches of government.

The celebrated Contract with America, brainchild of Newt Gingrich, is in great measure the expression of this situation, and a very serious attempt to win the support of the so-called middle class and the economically powerful elite. Perhaps it is this smug euphoria which has inspired their attempt to impose their position on U.S. allies who are not willing to let the United States determine the types of relations they maintain with other countries.

The introduction of a bill in both the Senate and the House that seeks to impose a world-wide blockade against Cuba and sanctions on those who maintain economic and commercial relations with Cuba is a sign that U.S. ultraconservatives have absolutely no respect for the sovereignty of other nations. The emphatic refusal of the European Union, Canada, and many other nations to accept this impossible scheme proves that there is a tendency by these governments not to allow the United States to impose decisions on things outside of U.S. interests and that affect their national sovereignty.

Naturally, there are those who will knuckle under and concede, not just because of inherent weakness, but also because of ideological agreement. However, the fact that they believed in the old dream of the American century [siglo Americano], and made it a reality, best reflects the position of the Yankee extreme right. They are not taking into account that the economy is the decisive element in maintaining supremacy in today's world; and although they still maintain it, they are losing it little by little to nations like Japan, or a group of nations such as the European Union.

Perhaps it is because of this that the U.S. extreme right seeks to increase U.S. military might at the expense of the well-being of the majority of the population. If this should occur, it would be particularly dangerous if the Republicans succeeded in controlling the three branches of government because fascism begins with aggressive language, and when it gains strength, it attacks. I do not doubt that this thought is in the minds of the leaders of the U.S. extreme right.

International Opposition to Helms Bill Said To Increase

FL0704204995 Havana Radio Rebelde Network in Spanish 1700 GMT 7 Apr 95

[Report by "correspondent" Marcos Castellon in Miami; from the "National Radio News"]

[FBIS Translated Text] Over the last few days, the Cuban issue has continued to gain momentum in the U.S. media. The European Union just recently expressed its profound concern over a bill presented to the Senate by the ultraconservative Jesse Helms, taking advantage of the current Republican majority for the purpose of internationalizing economic pressure against Cuba. The above-mentioned bill seeks to sanction third countries and foreign enterprises that trade with Cuba or that acquire properties confiscated by the Cuban Government.

President Bill Clinton has openly expressed his opposition to the bill because he believes it plainly goes too far. Rumor has it that Secretary of State Warren Christopher has unofficially asked the European Union to pressure the U.S. Congress not to convert the mentioned bill into law. It seems that in Washington there is still some residue of strong international opposition that the approval of the Torricelli law provoked in 1992.

On the other hand, the Cuban-American legislators have stated that they will seek special hearings to investigate what they consider the executive branch's meddling in the affairs of the legislative branch. Nevertheless, the position that the European Union has just taken is sufficiently clear that the real meddling would be for the U.S. Congress to dictate with whom other countries can and cannot trade.

The increase in pressure, sown in the heart of Congress, and dominated by the conservative movement since last November, is being increasingly counteracted by the opinions of the great U.S. press, which demands a positive change in relations between Washington and Havana, including reducing or lifting the economic embargo, which for many years has been (?ineffective).

Transfer of U.S. Southern Command Viewed

PA0704232395 Havana Radio Havana Cuba in Spanish 0000 GMT 7 Apr 95

[Station commentary read by Norberto Hernandez Valdez; from the "Evening Information Review" newscast]

[FBIS Translated Text] The existence and maintenance of military bases in many parts of the world has historically been one of the main characteristics of the U.S. Government's imperialistic policy. The entire world has been placed under the vigilant and rapacious eyes of U.S. military forces stationed in a vast network of air and naval bases such as the one in Guantanamo, Cuba, or on

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vessels navigating the seas and oceans, covering the entire earth's surface with their cannons and missiles.

In addition, from air and space, U.S. planes and satellites maintain their eagle eyes over the heads of all mankind. Nothing and no one can avoid the threatening nearness of the battleships, aircraft carriers, fighter bombers, and strategic missiles of the United States, the only superpower on earth.

Of special interest to U.S. imperialist policy are Central America and the Caribbean, the locations of the Panama Canal and, of course, revolutionary and rebellious Cuba, which has not and will not bow to its mandates.

Custody of the Panama Canal, and more than that the desire to control that vital interoceanic waterway for its own benefit, were good justifications for creating the so-called Canal Zone under U.S. jurisdiction with numerous military installations, and also for defending their disagreeable and unwanted presence in Guantanamo, Cuba.

The Torrijos-Carter Treaties, an historic political victory of the Panamanian people headed by Omar Torrijos, were an enormously important step in reaffirming Panamanian sovereignty and a complement to the solid questioning of Guantanamo Base, also forcefully imposed on the Cuban people.

Strategically speaking, U.S. territory is close enough to this area of interest. The development of military and communications technology is so advanced these days that the physical presence of U.S. installations or troops in a nearby country is totally unnecessary, particularly if it harms its neighbors' sovereign rights or humiliates their national dignity. The days when naval or bunker stations such as Guantanamo could be justified for supplying U.S. warships patrolling Caribbean waters are history.

This is also valid for U.S. military installations in the so-called Panama Canal Zone, assuming that the interoceanic waterway, an important source of income for the Panamanian economy, will really be transferred to the Panamanian people.

Although it is a known fact that Washington is exerting underground pressure to maintain its control over the Canal Zone, and that the presence of U.S. bases in Panama represents a considerable source of income for that country, it has been announced now, at least unofficially, that the possibility of installing the U.S. Southern Command near Miami Airport is being considered.

Analyzing this measure objectively, we can see that it would enable the U.S. Government to have its forces stationed near the area of interest while still maintaining close watch over it. At the same time, it could transfer to its own territory an important source of employment and income from those large military enclaves. It would also be totally legitimate and fair for U.S. national sovereignty, as well as for its neighboring countries.

For reasons more economic than political, Washington has began a progressive dismantling of U.S. military bases in various parts of the world. This helps reduce the huge fiscal deficit affecting the U.S. economy and earns a few positive points among the international public. It would be totally valid if it also included a progressive withdrawal of the imperialistic policy, which would be a truly historic contribution to world peace.

Haitian, Dominican Refugees Repatriated by U.S.

FL0804182595 Havana Radio Rebelde Network in Spanish 1700 GMT 8 Apr 95

[From the "National Radio News"]

[FBIS Translated Text] The U.S. Immigration and Naturalization Service will repatriate 126 Haitians and 12 Dominicans picked up near the Florida coast on 6 April by the U.S. Coast Guard. The undocumented aliens were traveling in a crude sailboat when they were surprised by U.S. Coast Guard airplanes early in the morning of 5 April. The Coast Guard prevented them from reaching U.S. shores. The U.S. Immigration and Naturalization Service will repatriate the illegal Haitians; however, official procedure is being ignored in the case of the Dominicans. The Haitians are expected to reach Haiti this afternoon. This has been the largest group of refugees intercepted in U.S. waters since President Jean-Bertrand Aristide returned to power.

Foreign Companies To Participate in Oil Exploration

PA0704162495 Havana PRENSA LATINA in Spanish 1924 GMT 5 Apr 95

[FBIS Translated Text] Havana, 4 Apr (PL)—National newscasts reported today a new group of foreign oil companies will participate in crude oil exploration at 18 tracts that have productive prospects in Cuba this year.

Local radio stations announced the firms will join the work being done by companies such as CNN of Canada, OFD of France, and the company British Borneo of the UK, among others, at 32 tracts that have been laid out by Cuban authorities.

The source stated that approximately 20 contracts have been sealed and that the experts are optimistic about their results.

Official data indicate the production of crude oil in Cuba reached 1.1 million tons, the equivalent to approximately 30,000 barrels a day, in 1993. The country imported 120,000 barrels that same year.

The lack of funds has compelled Havana to exchange oil for sugar and other exportable items.

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The National Television Newscast (NTV) has commented that Kazakhstan is a partner that has expressed favorable prospects and that both parties are studying ways to resolve transportation difficulties.

According to NTV, the conjunction of modern technology and highly qualified personnel has propitiated the drilling of the first marine shaft in the Bay of Cardenas, with positive experimental results.

With the scientific potential established throughout more than 30 years, Cuba offers investors geodesic facilities to explore and exploit sites and to up date and create computerized mining graphs and charts.

The newscast reported other projects are aimed at renovating refineries: The Cuban group and Pemex [Mexican Petroleum] are setting up the second phase of the plant in the province of Cienfuegos, which produces 65,000 barrels a day.

The three-year investment, which amounts to $200 million, will allow for the processing of crude oil with low contents of sulfur and, in addition, cancels Cuba's $320 million debt with Mexico, given it is added to the agreement for the telephone services operation, the source concluded.

Hard Currency Stores Earn $7.5 Million in Jan, Feb

FL0804134695 Havana Radio Rebelde Network in Spanish 2300 GMT 7 Apr 95

[From the "Exclusive" program]

[FBIS Translated Text] Approximately 100 hard currency stores have accrued over $7.5 million during the first two months of 1995. Cimex Corporation tops the list with sales of over $4 million, 9 percent higher than 1994 January and February sales totals. The network of hard currency stores accrued $46.7 million in 1994.

Panel Discusses Rumors About Dollar Stores

FL0804020595 Havana Radio Rebelde Network in Spanish 1600 GMT 3 Apr 95

["Straight Talk" program with host Juan Carlos Roque Garcia and guest Renato Recio, from TRABAJADORES newspaper—live or recorded]

[FBIS Translated Text] [Roque] Rumors have recently circulated, especially in Havana, about a price hike at hard currency stores, the so-called shoppings. [previous word in English]

[Recio] There were rumors about a general increase in prices, but what really worried the people were the prices of certain items such as oil, detergent, and soap. The rumor became so strong that it created a frenzied demand, to the point that the inventory of these products in some of the stores was depleted. As everyone is aware, the Doing Radio program carried a very interesting investigative report in an effort to discover the truth. It was explained that there was no general policy to hike the price of those products.

I think it is worth tackling the issue of prices at the shoppings and the prices that people pay, both in the national markets and on the black market.

[Roque] I agree. It is a very interesting issue.

Even though at the beginning, both the farmers markets and the shopping were said to be accessible only for certain minorities, in practice it has been seen that this is not so, and that although they are not accessible to the majority, at least there is great attendance. One can see this by the long lines. Perhaps the great majority is unable to buy extensively at the shopping and the farmers markets, but many people are making small purchases. I think this is very important.

[Recio] Exactly. One cannot underestimate the scope of this market, or the unregulated market, the official and unregulated markets. Remember that there is also a nonofficial market, the black market. Just as one cannot underestimate the scope of these markets, one cannot underestimate the interrelation of prices between the markets.

What do I mean? It is true that the shops sell in dollars. Yet their prices influence the non-dollar markets, particularly the farmers markets. I will give you one example.

[Roque] Yes, please. I do not understand your explanation.

[Recio] For example, if the price of cooking oil rises beyond reach, becoming even more expensive, then what happens? The price of lard in the farmers markets will increase because the people compare. They realize the oil is the better choice, but lard is cheaper. There will therefore be more buyers for lard, and as a result, its price in the farmer's market will tend to increase. In the end, the price hike is going to be felt all around because it affects demand. Everyone knows that dollars and pesos are crisscrossing each other and are constantly being exchanged according to the market the buyer is seeking to access. Everyone knows that if you have dollars and no pesos and go to the farmers markets, the first thing you do is get the money exchanged. That is a fact. I am not making this up. You exchange the dollars for pesos, but if you have pesos and no dollars and you want to go shopping, you exchange your pesos for dollars. In the end, this economic duality works as a single element.

[Roque] That is precisely why it is said that the farmers markets are the ones setting the exchange rate for the dollar. That is where dollars primarily circulate, where they are bought and sold in the largest volumes. I believe this is very interesting.

I would like to put forth an idea. When we consider the shoppings, where the prices are initially set, where prices

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can be centrally controlled; and when we consider the prices of certain products, especially essential products, what do you think would happen if the prices were to drop suddenly?

[Recio] I believe that is a very complex question. I am not ready to answer it just like that. I would have to ponder it further. However, what is clear, and I insist on this point, is that the shopping prices not only influence the farmers markets, but also the black market, and by influencing the black market, they influence an evil that is extremely hard to eradicate, but which we have to eradicate—the pilfering and theft of resources. Logically, if you sell oil at sky-high prices, what will happen? There will be a stronger propensity to pilfer similar products. If the price of any product is increased in the official markets, the black market prices immediately rise because the people in Cuba are using the value of dollars and the prices in the shops as guidelines to set other prices.

[Roque] I think it would also be interesting to speak about the influence of the profit earned by this chain of stores upon the prices set.

[Recio] That is a truly interesting and controversial issue. No one can claim to have the last word.

[Roque] Right. We are just going to address the issue on the basis of our personal opinions.

[Recio] I believe that it is true that the Cuban state, which is the state of the people, the state of the Revolution, needs to accrue hard currency.

That is a solid reality. The more it accrues, the better it is for the entire nation and people. It is true that there is a sector that has access to hard currency, and to the same extent that the prices are high, social inequality is created by the fact that some have it and others do not. That is the indisputable truth. However, we have to analyze the economic effect of prices and what is preferable.

I believe that the first question we should ask is: What brings in more revenue? To set a very high price and sell only ten items, or to set lower prices and sell 20 items?

[Roque] I would say that logically, the second option is the best.

[Recio] Right. One has to do some math and keep in mind that there are two ways to bring in revenue. I believe this has to be kept in mind. This is an essential element. At times we see a tendency to seek huge profits which, as I see it, does not always yield the expected result. On the other hand, allow me to insist on this idea—one must consider the consequences of prices over other markets and the nationwide circulation of merchandise. As I said earlier, there is an evident interrelation. I dare not establish prices here or state that some prices are too low and others too high, etc. What I am trying to say is that the tendency to seek huge profits by setting high prices cannot be a mindless thing.

[Roque] Exactly. That voids the play of supply and demand in this chain of stores. I do not know why is not operating like that. One must point out that at times the merchandise goes to waste, and yet the prices are not lowered. I recently spoke with one tourist who was holding a package of crackers and complaining that the crackers were stale, especially at such a high price. I believe this is a factor. There are certain products such as food that have a limited shelf life. However, there is also clothing, appliances, and other pieces of furniture, etc. I believe this merchandise should be moved out faster. One must consider not getting huge profits, but getting huge revenues. We have to acknowledge that the stores bring in huge profits.

What do you think about this?

[Recio] You have mentioned something that is vital and perhaps the most controversial and complex part: How much freedom can be given to the market being established in Cuba? Can supply and demand be allowed to operate with absolute freedom? How involved should the state bodies get in establishing prices? That is essential and of great theoretical and practical importance.

I cannot say because I do not fully agree with the idea that in such a sensitive and important area—an economically, politically, and socially important area—it is a good thing to let prices run free. I cannot advocate that much. However, I can affirm that the excessively centralized system of the Soviet model, which we copied, cannot be repeated. In other words, no one has come up with proof that prices subjectively and mechanically set yield significant, positive, or practical results for the economy. What I mean by this is that even when the state policy somehow controls the level of profit, the level of prices of certain items—we have to consider which items play a social role and which do not, which are frills, and which are vital.

[Roque] Right. The examples we gave were oil, detergent, and soap. These are vital needs, which are extremely difficult to attain through regulated sales.

[Recio] Right. It is also obvious that the sales people have to play a role. If the management of the stores do not play a role in setting the prices, then we are recreating a system that we already know was not fully adequate. This results in a series of administrative vices. We have seen this, including the lack of proper financial controls, lack of proper inventory controls, and many other negative things.

This is why my personal opinion is that we must establish a balance between centrally controlled prices and a certain freedom of competition. I believe there has to be a certain level of competition among the stores because we have to, for better or for worse—I fear it is for worse—establish a market system. The market has many things that are bad, but also many good things. The goal is to establish a balance, an equilibrium. We cannot let

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the market run wild, completely unregulated and arbitrary, nor establish the excessive centralization that will once again condemn the market to subjectivity and determinism.

[Roque] One of the laws of the market system is that the people participating in it must share in the profits and the losses. Don't you think this is an element that might improve the efficiency of these stores?

[Recio] Of course. We are seeking efficiency in the market, in production, and in everything. There cannot be efficiency unless there is participation, autonomy, decision-making power, and a sharing of the results, whether good or bad.

CDR, FAR Sign Accord To Strengthen Education

FL0804124495 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 8 Apr 95

[From the "NTV" newscast]

[FBIS Translated Text] The Committees for the Defense of the Revolution [CDR] and the Revolutionary Armed Forces [FAR] have signed a cooperation accord in an effort to strengthen defense and patriotic, military, and internationalist education efforts among the population. The accord was signed by Division General Nestor Lopez Cuba, chief of the political orientation section of the FAR, and CDR National Coordinator Juan Contino Aslan.

The main goal of the accord is to improve and revitalize, in response to current needs, the efforts carried out for years by the CDR and the FAR.

[Begin Contino recording] Everything done in cooperation with the FAR benefits our people greatly. [end recording]

This should strengthen the performance of the CDR-FAR secretariat from municipal level to top national level. The secretariat's main function is to manage the military draft process and to conduct joint activities to reward outstanding efforts in this field. Another priority will be the establishment of official ties between CDR and nearby FAR units and institutions in the region, in addition to the establishment of activities to promote patriotism in children and the youth.

The national bureau of the CDR will organize a national seminar with the cadres that will work in the CDR-FAR secretariat to define these and other tasks.

Haiti

Government Forms Commission To Investigate Murders

PA0804024295 Port-au-Prince Signal FM Radio in French 1030 GMT 7 Apr 95

["From The Waking Up Newscast"]

[FBIS Translated Text] The Haitian Government announced on 6 April the formation of a commission to investigate the murders that have taken place over the last few days, including that of opponent Mireille Durocher Bertin, who was assassinated on 28 March. This commission will be made up of officers in the interim police force and presided over by Major James Jean-Baptiste.

The government also announced that it was going to investigate the murders committed under the civilian-military regime following the September 1991 coup d'etat. That regime was not recognized by the international community. Those murders include that of Claudy Museau, who died of serious abuse in Les Cayes prison shortly after the coup d'etat; Antoine Izmery, a close friend of President Jean-Bertrand Aristide, who was shot down in front of Sacred Heart Church in Port-au-Prince; and Guy Malary, the constitutional minister of justice, who was killed by a commando in the capital on 14 October 1993.

Party Leaders Assess Meeting With Aristide, CEP

PA0804011995 Port-au-Prince Radio Metropole in French 1600 GMT 7 Apr 95

[From "The Midday Newscast"]

[FBIS Translated Excerpt] Difficulties in the electoral machine were the main topic of a meeting at the National Palace among the Provisional Electoral Council, CEP, leaders of various political parties, President Aristide, and Lakhdar Brahimi, the UN special representative in Haiti. During the meeting, the political leaders criticized the current electoral activities and made some suggestions to the CEP. The CEP will meet with representatives of the political parties over the weekend to advise them of the new measures intended to correct the electoral process. President Aristide was pleased with the 6 April meeting and insisted that the elections will be free and democratic. He added that dialogue is necessary in the search for solutions to the problems affecting the electoral process.

[Begin Aristide recording, in Creole] The CEP announced it will have some proposals for the political parties within 48 hours of the dialogue that was just held. I congratulate them in advance, and we encourage the entire country to do everything possible to continue preparing for these elections. [end recording]

Following the 6 April meeting at the Palace, the invited political leaders hailed this initiative by President Aristide and expressed hope that the CEP would take their suggestions into account.

[Begin recording] [Serge Beaulieu of the Genuine National Party, PAN] I just told the president that he has brought us together, now he must unite us. The CEP has credibility problems. But since the president put his weight in the balance, there is no doubt that these problems can be resolved.

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[Reynold Georges of the Alliance for the Liberation and Progress of Haiti, ALAH, in Creole] It was a very nice meeting because as long as there is dialogue...[pauses] dialogue is the only weapon we have in a democracy.

[Volvic Remy Volvic of the National Cooperative Action Movement, MKN] It was a very positive meeting. The party leaders met with the president and the CEP, and certain viewpoints were raised about contesting the elections. The various questions are going to be studied so we can meet again.

[Victor Benoit of the National Congress of Democratic Movement, Conacom, in Creole] What I can say is that the meeting was held in a calm atmosphere. Everyone was able to express his views. As for Conacom, we asked for a reform of the BEC's [Communal Elector Office], BED's [Departmental Electoral Office], and BIV's [Registration and Voting Office] on the principle of drawing lots with the participation of the political parties, and that each political party have a representative on each BEC, BED and BIV.

[Evans Paul of the National Front for Change and Democracy, FNCD, in Creole] I think the meeting was very fruitful and will create a better harmony between the electoral council and the political parties. [passage omitted]

[Gerard Pierre-Charles of the Lavalas Political Organization, OPL, in Creole] I believe this meeting shows that there is an effort in Haiti to establish a democratic government. It is the first time in the country's history—we said it clearly in the meeting—that political parties and leaders have sat around a table with the president of the Republic and the CEP. The meeting was an exchange. All complaints were aired, all irregularities were taken into account, and all the parties felt that the elections are the indispensable way to come out of the political phase the country is facing.

[Louis Fritz-Pierre of the Haitian Christian Democratic Party, PDCH, in Creole] We think the meeting will have been positive so long as President Aristide succeeds in sitting down with the CEP and the political parties to resolve the crisis of the electoral council. We think the resolution we signed after two days of hard work, which the CEP set aside, will now prevail. [end recording]

You have just heard Serge Beaulieu of PAN, Reynold Georges of ALAH, Volvic Remy Volvic of MKN, Victor Benoit of Conacom, Evans Paul of FNCD, Antoine Joseph of MIDH [Movement for the Establishment of Democracy in Haiti], Gerard Pierre-Charles of OPL, and Louis Fritz-Pierre of PDCH.

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Zedillo Urges Private Enterprise To Invest

PA0804174995 Mexico City Radio ACIR Network in Spanish 0000 GMT 8 Apr 95

[Report by Rosy Ahuactzin Vazquez; from the "Evening News Panorama" newscast]

[FBIS Translated Text] Mexico is a generous country that will reward those who invest their money here, President Ernesto Zedillo has said in Ixtapan de la Sal, the first of three municipalities in Mexico State he visited during his working tour. He has urged private enterprise not to become discouraged by the crisis and to invest in Mexico.

Zedillo made that statement during the inauguration of a stretch of the freeway between Tinango and Ixtapan de la Sal, which was constructed with funds from both the private sector and the federal government.

President Zedillo has said it is better to invest the money in Mexico, a country that will reward those who take risks here. The inauguration of this project, built with the participation of private enterprise, gave the president the opportunity in his speech to refer to the situation in Ciudad Juarez, Chihuahua State, which has turned into a legal controversy. A toll booth was installed there upon the initiative of Municipal President Francisco Villarreal although only the federal government can charge tolls. Zedillo did not mention any names directly, but he issued a warning, saying: No one should be mistaken about the new federalism. We will not build it based on bitterness and divisions, much less on the fragmentation of the republic.

President Zedillo has said the relation between states, municipalities, and the federal government will be conducted based on a political consensus within the legal framework:

[Begin Zedillo recording] Mexicans, by conviction, based on our values and history, believe first in the unity of the republic, therefore, we will not fall in the trap of those who say the republic must be divided in order to build a new federalism. We will not endorse illegal actions supposedly carried out on behalf of federalism. No one can take justice in his own hands, passing over the state of law. [end recording]

PRI Deputies Send Zedillo Letter on Economic Package

PA0704190095 Mexico City Radio ACIR Network in Spanish 0000 GMT 7 Apr 95

[Text of letter addressed to President Ernesto Zedillo from deputies of the Institutional Revolutionary Party representing Chiapas State; dated 23 March; place not given; from the "Evening News Panorama" newscast—read by announcer]

[FBIS Translated Text] Dr. Ernesto Zedillo, president of the United States of Mexico:

The below signatories, Institutional Revolutionary Party [PRI] deputies of the 56th legislature representing the state of Chiapas, salute you and at the same time advise you of the numerous statements of disapproval we have received from the people since the day we approved the economic package, particularly the 5 percent increase in the value-added tax.

We have been insulted, severely criticized for supporting the president and accused of having turned our backs on the people. We have also been reproached in the sense that we were elected to defend the people and not to protect corrupt officials. The most serious part of all of this matter, however, has been the loss of confidence from our party's grassroots.

The situation is critical. We have faith in you, and we are defending you, because we have approved the economic package. Nevertheless, we are also aware it is impossible under the current circumstances to wipe the slate clean. In no way can we be made to pay for other people's bills, because this would entail handing over power to the opposition.

Because of all these points, we believe it is absolutely essential that there also be concrete actions, parallel to the economic package, that will allow us to recover credibility and confidence from the people.

We allow ourselves to suggest the following actions:

1. The Mexican people should know the names of those wealthy individuals who have exchanged their pesos for U.S. dollars and have transferred their funds out of the country.

2. A political trial against Carlos Salinas de Gortari, Pedro Aspe Armella, and Jose Maria Cordoba Montoya.

3. The formation of a genuine Zedillo cabinet.

4. Confiscation of all assets belonging to Carlos Salinas de Gortari, Raul Salinas de Gortari, Pedro Aspe Armella, and Jose Maria Cordoba Montoya.

5. Reassessment of all sale operations involving parastate agencies.

All theses measures will allow us to find the individuals truly responsible for this severe economic crisis.

We appreciate the attention you may kindly give to the above letter and reiterate our deepest respect.

Yours truly, Deputy Walter Leon Montoya, PRI coordinator for Chiapas; Deputy Tito Rubin Cruz; Deputy Gabriel Aguiar Ortega; Deputy Lazaro Hernandez Vasquez; Deputy German Jimenez Gomez; Deputy (Ali Calcino Herrera); Deputy (Rafael Ceballos Cancino); Deputy Antonio Perez Hernandez. 23 March, 1995.

PRD, PT Issue Declaration on Crisis

PA0904000995 Mexico City LA JORNADA in Spanish 7 Apr 95 p 23

["Political Declaration by the Party of the Democratic Revolution and the Labor Party"—published as a paid advertisement]

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[FBIS Translated Text] During the 1908's there was a fundamental change in Mexico's economic policy, the consequences of which we are currently experiencing. This process resulted from worldwide economic globalization and the exhaustion of the economic model that had been in effect up until then. The change was the result of an authoritarian and elitist plan based on a neoliberal concept, which imposed huge sacrifices on most Mexicans.

The results could not have been more disastrous. Bearing witness to this are, on one hand, at least 40 million fellow Mexicans who are submerged in poverty and, on the other, the 24 people who became supermillionaires during that same period. For over 12 years many of us have opposed the economic policy and the mechanisms used to impose it. We were and still are right, which is now proven by the ephemerality of the relative macroeconomic successes of the previous administration and the crisis it has bequeathed to us.

The results were even worse in the political and social spheres. The structure of control over electoral processes, most labor and social organizations, and society as a whole were basically preserved.

The government's economic plan has resulted only in minimal changes. The antidemocratic and corrupt political system is maintained at all costs. Only after the Chiapas insurrection and serious violent incidents between members of the state party, resulting from the internal schism that forebodes its probable decay, did the PRI [Institutional Revolutionary Party] and the government begin to agree on the need to make changes which, although positive in some aspects, were marked by a failure to discuss important issues, and by the government's implicit promotion of an exclusivist bipartisanship in the country.

Our country is currently undergoing the most serious economic, social, and political crisis of its recent history. Economic conditions changed only 19 days after Ernesto Zedillo took office, and his promise to achieve "well-being for the family" vanished. The previous administration's policy, which was supported by the PAN [National Action Party], and the mistakes made by the incoming administration, within a few days caused the economy to sink into a profound debacle. Like Salinas' administration, Ernesto Zedillo's has refused to heed voices of warning or disagreement. The "Harvard Boys" were not aware of or did not want to know the real situation, and the results are there for all to see.

Despite the magnitude of the crisis, the current administration refuses to listen to different proposals for dealing with the situation. Under the slogan "There is no alternative" it has once again imposed a policy that harms the interests of most Mexicans and it has confirmed the neoliberal prescription. On this occasion the medicine has made things even worse: it has seriously affected the productive sector, causing many small and medium-sized businesses to go bankrupt; it has increased unemployment by at least 1 million jobs; it has affected trade; and, in general, it has intensified the deterioration of the Mexican people's standard of living. After more than 12 years of sacrifices by workers, once again the government is imposing—as in the case of VAT [value-added tax]—a policy that demands greater sacrifices for an unspecified time; once again Mexico's workers and dispossessed are paying the highest costs of a crisis they did not create. That is why we demand: Not one more sacrifice by the workers.

In view of the country's current situation and the foreseeable failure of the government's policy, an authoritarian and conservative solution may be imposed, thereby restricting democratic liberties. Nevertheless, we can also make progress with the state reform and the establishment of definitive democratic electoral reform. This task cannot be accomplished by a single party or organization; it must result from the participation of most of the Mexican people. As we go along, the task will be to achieve further agreements with other political and social forces.

Based on the statements made herein, the PRD [Party of the Democratic Revolution] and the PT [Labor Party] pledge to go forward together without excluding anyone, with agreements and actions that will contribute to overcoming the current situation and achieving the establishment of a true democratic system in Mexico, as opposed to the development of conservative positions. We will begin our activities on the basis of the following:

GENERAL GUIDELINES FOR POLITICAL COORDINATION

1. Promote joint positions on the National Political Agreement, state reforms, and the National Development Plan, and make contributions to a peaceful solution of the conflict in Chiapas.

2. Promote democratic electoral reform that will guarantee a plurality of political options, the independence of and democracy in electoral branches, the equity and accuracy of electoral processes, and unrestricted respect for the citizenry's vote.

3. Promote coordination between the state directorates of the two parties to establish common actions and views on the electoral reforms that are being implemented in federal agencies.

4. Urge the country's civilian society and democratic organizations to establish a broad front against the politics of the regime. Promote joint mobilization for the democratization of the country, state reform, and radical change in economic policy.

IMMEDIATE ACTIONS AGREED UPON

—Organize various commemorative events and a main event on 10 April in memory of Emiliano Zapata to demand a policy to solve the problems of the countryside and of the peasants.

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—Participate in the promotion of activities throughout the country and a grand mobilization on 1 May with the participation of democratic organizations and millions of Mexicans affected by the crisis.

—Establish coordination and communication bodies for each of the aforementioned points: national directorates, parliamentary representations, electoral bodies, and state directorates.

National Executive Committee of the Party of the Democratic Revolution
National Political Commission of the Labor Party

Secretary Reports 11.5 Percent Inflation for Jan-Mar

PA0704163095 Mexico City NOTIMEX in Spanish 2024 GMT 6 Apr 95

[FBIS Translated Text] Mexico City, 6 Apr (NOTIMEX)—The price of the basic market basket in Mexico grew 14.4 percent from January to the first biweekly period of March, Herminio Blanco, secretary of commerce and industrial development, reported today.

In the first weekly meeting of the Follow-up and Evaluation Commission of the Pact for Well-Being, Stability, and Growth, the official added that during the same period, the National Consumer Price Index (INPC) increased by 11.5 percent.

In recent years, the changes in the basic market basket prices in the first quarter have exceeded those of the INPC, the secretary explained.

During the first five biweekly periods of 1995, the areas of transportation and furniture, as well as appliances and electronics, showed greater dynamism, registering increases of 3.8 and 3.6 percent, respectively, the secretary stated.

Blanco asserted that compared with the above, the areas showing the smallest variation were education and leisure, as well as housing and food, beverages, and tobacco.

According to data from the Bank of Mexico, the level of general supply has remained at a satisfactory level so far this year, and "the availability of the main staples of the basic market basket is complete throughout the country," the official stressed.

Blanco highlighted that strategies have been developed with different commercial sectors to offer products such as milk, sausages, soap, and detergents, as well as cereals and disposable disapers at reasonable prices.

Similarly, Blanco indicated, commercial networks have launched special offers in groceries, meats, dairy products, sausages, clothing, and electronics, with discounts of up to 60 percent in some cases.

According to the official, for the coming Holy Week, the supply of seafood will be adequate for the entire population.

Intersecretarial Commission To Oversee Privatization

PA0804222595 Mexico City UNOMASUNO in Spanish 7 Apr 95 p 2

[Report by Luis Martin Gonzalez Guadarrama] [FBIS Translated Text] A presidential agreement creating the Intersecretarial Commission for the Privatization of Parastatist Agencies or Productive Units (Cidepup) [Comision Intersecretarial de Desincorporacion de Entidades Paraestatales o Unidades Productivas] was announced today. It is tasked with regulating privatization processes and coordinating and supervising with honesty the tasks of government branches and parastatist agencies involved in these processes.

This commission will be made up of the secretaries of finance and public credit, commerce and industrial development, labor and social welfare, communications and transportation, and energy. The undersecretary for spending in the SHCP [Secretariat of Finance and Public Credit] and the president of the Federal Competition Commission [Comision Federal de Competencia] will also be members. Guillermo Ortiz Martinez, secretary of finance and public credit, will chair the commission.

The Ernesto Zedillo administration's plan to privatize telecommunications, ports, airports, railroads, secondary petrochemicals, and electricity agencies entails the important challenge of coordinating efforts among various agencies that make up Cidepup. The idea is to swiftly promote privatization in 1995 and 1996.

The SHCP reported that in less than a decade more than 1,200 agencies and public sector organizations were privatized in the areas of mining, metallurgy, food and beverages, textiles, airlines, banks, commerce, and distribution.

The current goal, it added, is to completely privatize certain economic areas of the public sector like railroads, ports, and secondary petrochemicals, among others.

These are economic areas in which there is virtually no competition among different companies within the country, because monopolies exist. There is no competition in exports either.

This commission will define the general criteria that will guide the privatization process as well as its sequence, phases, and modalities. Cidepup will review regulations applicable to each specific area and any concessions that may be granted.

Meanwhile, the agencies and secretariats will be involved in the operational phases of the privatization process, including those pertaining to the drafting of bases for bids, notices, reception of registration requests, and purchase offers, with a view to submitting proposals to the commission on proper courses of action.

Cidepup will evaluate the agencies' proposals regarding the winning bids and will make the appropriate recommendations to the federal executive branch.

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The agreement was published today in DIARIO OFICIAL DE LA FEDERACION.

Official on Authorization Granted to Foreign Companies

PA0704154195 Mexico City NOTIMEX in Spanish 1541 GMT 6 Apr 95

[FBIS Translated Text] Mexico City, 6 Apr (NOTIMEX)—The Finance and Public Credit Secretariat has accepted 67 requests from international financial companies to operate in Mexico since the North American Free Trade Agreement (NAFTA) went into effect.

Participating in the Forum for Consultation With the People on "Diversification of Mexico's Foreign Relations," Alejandro Valenzuela, general director of financial affairs, has said authorization has been granted to 39 of these companies.

He has said multiple banks, brokerage houses, insurance companies, leasing companies, and factoring companies have been authorized to operate.

Regarding the companies that have received final authorization, he has said the law regulating financial institutions was amended last January in order to allow a greater participation of foreign capital although payment control will remain in Mexican hands.

Valenzuela added that Canadian, U.S., Pacific, and European companies have received authorization. The companies from Europe come to Mexico gradually, by way of their subsidiary companies.

Mexico has strengthened and modernized its local domestic sector through the diversification of economic relations abroad and economic growth, he has said. The official has said foreign institutions providing financial services in Mexico will only be able to do so in keeping with the principles of the local rules and the access under the most favored nation provisions ruled by the GATT and the World Trade Organization.

He has said the agreements Mexico has signed on financial services are based on NAFTA's chapter on the matter, allowing companies to establish subsidiaries and to promote universal coverage.

Valenzuela added that the domestic market has set limits to the services foreign financial institutions may provide whenever local companies provide them as well.

Bank Reports Increase in National Consumer Price Index

PA0804193895 Mexico City NOTIMEX in Spanish 0034 GMT 8 Apr 95

[FBIS Translated Text] Mexico City, 7 Apr (NOTIMEX)—Today, the (Central) Bank of Mexico [Banxico] reported the national consumer price index increased 5.9 percent in March compared to February. The annual inflation rate in March grew by 20.43 percent compared to the same month in 1994, the central bank also reported.

The banking institution issued a communique stating the accumulated inflationary index reached 14.54 percent during the first quarter of 1995. It also stated the 5.9 percent inflation rate increase in March was mainly the result of the increases in public transportation fares and fuel prices.

Other significant increases adversely affected housing, telephone services, eggs, refreshments, foreign buses, the holding of vehicles, restaurants, medicines, and medical services. In addition, the prices of furniture and appliances, newspapers and magazines, clothes, rice, and meat, among other products and services, also increased, the communique added.

Banxico also reported the family basket index increased 8.9 percent in March compared to the previous month. The increases in urban public transportation fares and fuel prices triggered this increase.

Furthermore, the national producer price index, which excludes exportable crude oil, also increased by 5.5 percent compared to the previous month. The annual increase of this indicator, which is obtained by comparing the March 1995 indicator with the March 1994 indicator, amounted to 23.33 percent in March, while the accumulated producer price index reached 16.7 percent during the first quarter of 1995.

Banxico explained that the increase in the prices of gasoline, diesel, lubricant oils, clear oil, fuel oil, mining services, vehicles, and buses prompted the producer price index to increase in March.

The central bank affirmed that of the 46 cities where it gathers information to estimate the inflation rate, the largest price increases were observed in Matamoros, Tamaulipas State, Jacona, Michoacan State, and Tampico, Tamaulipas State.

CNB President Denies Bank Nationalization

PA0704193995 Mexico City LA JORNADA in Spanish 5 Apr 95 p 45

[Report by Roberto Gonzalez]

[FBIS Translated Text] Eduardo Fernandez Garcia, National Banking Commission (CNB) president, yesterday denied that a new bank nationalization will occur through the Temporary Capitalization Program (Procapte), which the government created to support those institutions that have capitalization problems, and announced that authorities will double their supervisory efforts and will punish to the fullest extent of the law those bankers who improperly mess with the account holders' deposits.

Meanwhile, Manuel Robleda Gonzalez de Castilla, Mexican Securities Exchange (BMV) president, affirmed that the foreign brokerage houses authorized to operate in the

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country will not recant their decision to operate in Mexico and stressed that the issuance of Mexican companies' securities in foreign markets is a door that has not yet closed.

Within the framework of the Sixth Stock Market Convention that President Ernesto Zedillo opened yesterday, the CNB head maintained that the program created to support the capitalization processes of private banks was drafted to strengthen credit institutions, not shareholders in particular.

Although Fernandez acknowledged that within five years, the Procapte could translate into a stock dilution for current shareholders, he pointed out that the government is granting a timeframe long enough—five years—to pay those subordinate obligations that were issued under the protection of this program.

In response to the criticisms launched by certain sectors that believe that the Procapte will translate into the return of government control of banking, the CNB president said it is utterly false to assure that a new banking nationalization will occur through this temporary capitalization mechanism. He added that the replacement of the current shareholders for other shareholders is what could occur, because the government has made a firm commitment not to keep stock packages, "except in cases where circumstances make it inevitable, and then only and exclusively for a strictly necessary time."

He also took advantage of the opportunity to attack, without mentioning his name, Carlos Cabal Peniche, who remains at large and who was the owner of the Cremi and Union Banks. Cabal's lawyers last week claimed that the legal process against their client has certain distortions that make it illegal.

In this regard, the CNB president underscored that "the good faith and the legality in which financial authorities proceeded should not be questioned by those who have evaded Mexican justice and who seek their defense by exerting pressure on and deceiving others." Fernandez added that "the illegal operations they conducted to the detriment of a large number of people and of the good name of Mexican businessmen and bankers are publicly known in Mexico and abroad."

In the meantime, the CNB high-ranking official said that the administrative authorities will delve deeply into a larger operative deregulation of the stock exchange sector and will seek to improve the prudent regulations applicable to stock exchange intermediaries to make them consistent with those of the banking intermediaries.

He maintained that a larger deregulation of the capital market operations must necessarily come together with a rigorous enforcement of the law in order to do away with such unfavorable phenomena and irregularities that adversely affect certainty conditions as interest conflicts and the excesses stemming from the improper use of privileged information.

Failing To Invest in Education and Infrastructure Would Be a Mistake

In inaugurating the Sixth Stock Market Convention, BMV President Manuel Robleda stated that financing through the stock market has proven to be very important for the development of enterprises, which in the last five years alone have obtained resources for an amount equal to $27 million through the Exchange.

Robleda explained that a financial revolution is taking place at this time. He added that this revolution, in which the instant movement of funds from one country to another will intensify, is changing the markets and its institutions, making competition for foreign resources more sophisticated and intense.

That is why, he remarked, the worst error that could be made would be isolating the country and abandoning the path of economic and financial globalization. "Let us not make a mistake in a fundamental issue. The world is evolving rapidly. Not to invest permanently in infrastructure, education, health, state-of-the-art technology, training, and productivity implies, as we have seen, widening the gap with developed countries. That is why the country needs, to start develoing again as soon as possible," he stated in the presence of President Zedillo.

Later, Manuel Robleda said in a brief interview that it would be convenient to exchange pension and retirement funds in the stock market.

He reported that the brokerage firms Santander, Bankers Trust, and Merrill Lynch have already paid their share to join the exchange market.

The first two firms will join the market in the next few weeks, while the third will start operations toward the end of the year.

Meanwhile, Robleda believed that the current economic conditions make it difficult to anticipate the time for resuming the sale of stocks of Mexican companies abroad, and he insisted that this is a possibility that has not been closed.

Consumer Agency Closes More Than 2500 Businesses

PA0704201595 Mexico City NOTIMEX in Spanish 0042 GMT 7 Apr 95

[FBIS Translated Text] Merida, 6 Apr (NOTIMEX)—The Office of the Federal Attorney for Consumers [Profeco], an agency created to defend the commercial interests of Mexican buyers, closed 2532 businesses throughout the country during the first quarter of the year, the agency has reported.

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Victor Canovas Moreno, director general of coordination of Profeco's branches, said that most of the businesses were closed because they violated price regulations or offered a deficient service. He said that it is Profeco's duty to effectively protect the consumers' rights and that the agency "has acted strictly when necessary."

The official was interviewed in Merida, capital of Yucatan state, in the country's southeastern region, during a visit to Governor Federico Granja Ricalde and Merida Mayor Ulises Gonzalez Torres. Canovas said that Profeco's objective "is not to chastise or penalize, but to keep an adequate balance between the production system and consumers."

He reported that, during the first three months, the number of reports by dissatisfied consumers increased by 30 percent in comparison with the same period last year. He further said that Profeco asked the Merida mayor's office to sign an agreement whereby Profeco would hand over to the office 20 percent of the fines collected from penalized businesses. He said that this will reinforce its presence in the state and improve its work and services for Yucatan consumers. Finally, he said that Profeco has already signed agreements of this kind with several mayor's offices in Tamaulipas, Jalisco, Baja California, Chihuahua, and Guerrero states.

EZLN Agrees To Meet Government Officials 9 Apr

PA0804220995 Mexico City XEW Television Network in Spanish 0430 GMT 8 Apr 95

[Report by Juan Sebastian Solis from San Cristobal de las Casas, Chiapas; from the "24 Hours" newscast]

[FBIS Translated Text] An EZLN [Zapatist National Liberation Army] communique was read outside the building of the Archdiocese here in San Cristobal de las Casas a few minutes ago. In it, the EZLN reports that it will hold a first meeting with representatives of the Government Secretariat. This meeting will be held, as previously agreed, on 9 April 1995, that is to say on this Sunday. They will meet at the San Miguel Ejido, Ocosingo Municipality, which is where the Chiapas free zone existed last year.

The agenda for the first meeting has two main points. The first is to discuss and, if appropriate, approve the so-called Principles of the Basic Protocol for the Dialogue and the Negotiation on a Peace Agreement With Justice and Dignity. The second point is to discuss and, if appropriate, approve the place, date, and agenda of the next meeting of the dialogue process that has been initiated.

The EZLN reports that this first meeting will be attended by a group of members of the Clandestine Committee who are authorized to reach agreements on the two points of the established agenda.

Also, San Cristobal de las Casas Bishop Samuel Ruiz Garcia reported after the meeting that they will begin issuing credentials to all media and nongovernment and civilian organizations that want to attend this first meeting between EZLN and Government Secretariat representatives.

[Anchorman Jacobo Zabludovsky] The deadline expired Monday?

[Solis] Yes. According to the Law for Dialogue, Conciliation, and Dignified Peace in Chiapas, the deadline for a first meeting between the EZLN and the government was the 10th, that is to say Monday. The first meeting will be held one day before that deadline, that is to say Sunday.

[Zabludovsky] Thank you, Juan.

[Solis] Good-bye.

Meeting Begins To Review Details

PA0904194695 Mexico City NOTIMEX in Spanish 1743 GMT 9 Apr 95

[FBIS Translated Text] San Miguel, 9 Apr (NOTIMEX)—Today, government and EZLN [Zapatist National Liberation Army] delegates initiated a meeting in the southeastern town of San Miguel to review details for the resumption of the talks with a view to finding a peaceful solution to the conflict in the state of Chiapas.

The meeting, held before a possible formal resumption of the talks, began at 1000 (1600 GMT) between five EZLN delegates and government representatives, but the identity of the participants was not immediately made known.

In the meeting, scheduled to last six hours in the Chiapas town of San Miguel, the delegates will discuss the so-called "Principles of the Draft Protocol for Dialogue and Negotiation of a Peace Agreement with Justice and Dignity."

The representatives will also attempt to decide on the place, date, and agenda for the dialogue, the first version of which took place under the government of President Ernesto Zedillo in mid-January. Zedillo took office in December.

The meeting is being held amid a large scale security operation implemented by nongovernment organizations under the supervision of the Fray Bartolome de las Casas Human Rights Center.

Security surrounding the meeting being held in San Miguel, located approximately 1,300 km southeast of Mexico City, is being implemented through "civilian peace belts" and is sponsored by the diocese of the Chiapas town of San Cristobal.

The "civilian peace belts" are responsible for protecting the participants in the meeting and ensuring the good development of the meeting based on the customs and traditions of the 150 families of the area, who own corn and bean plantations.

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The results of the conversations will be announced after 1600 (2200 GMT), the end of the so-called "predialogue."

EZLN Urged To Avoid 'Inflexible Attitudes'

PA1004034695 Mexico City NOTIMEX in Spanish 2158 GMT 9 Apr 95

[FBIS Translated Text] Mexico City, 9 Apr (NOTIMEX)—The Mexican Government Secretariat says that, during the meeting being held today in San Miguel, Chiapas, it expects the EZLN [Zapatist National Liberation Army] to reply in a responsible manner to the renewal of the dialogue in Chiapas. The government "expects the EZLN to respond responsibly and avoid inflexible attitudes and instigations that would deviate from or undermine the climate of detente and negotiation required to advance the dialogue," the Government Secretariat indicates.

In a communique issued after the San Miguel meeting began at 1110 (1710 GMT), the secretariat, representing the government at the meeting, reiterates its confidence that the meeting will yield results leading to the attainment of an equitable and lasting peace. "The Government Secretariat reiterates its confidence that the meeting...will achieve results leading to a fair, dignified, and lasting Agreement for Harmony and Pacification in Chiapas [Acuerdo de Concordia y Pacificacion Para Chiapas]," the statement adds.

The secretariat observes that this Sunday's encounter is a precursor to the initiation of formal dialogue and negotiations and that its objective is to reach agreement on the principles of the mechanisms to be used and to establish the place, date, and agenda for the first negotiations meeting. If those objectives are attained, the terms of the article in the Law for the Dialogue, Conciliation, and Dignified Peace in Chiapas that stipulates that warrants for the arrest of alleged members of the EZLN be suspended will have been met, it adds.

The communique reveals that Gustavo Iruega, Jorge del Valle, and Javier Zenteno, top-level general directors in the Government Secretariat, are representing the government at the meeting in San Miguel. It adds that the EZLN is represented by eight delegates who arrived at the meeting's venue within the framework of the requested security guarantees.

The meeting is being held under the blanket of a wide-ranging security operation mounted by nongovernment organizations, under the supervision of the Fray Bartolome de las Casas Human Rights Center. Security for the meeting, being held in San Miguel, approximately 1,300 km southeast of Mexico City, is being handled by "civilian peace cordons" and is sponsored by the Diocese of San Cristobal, Chiapas. The "civilian peace cordons" are responsible for safeguarding the security of the participants and the good conduct of the meeting, based on the customs and traditions of the 150 San Miguel families who are corn and bean farmers.

The results of the talks will be reported after 1600 (2200 GMT), the time the so-called "pre-dialogue" is scheduled to end.

Gate Installation at River To Prevent Illegal Crossings

PA0704173695 Mexico City NOTIMEX in Spanish 1108 GMT 7 Apr 95

[FBIS Translated Text] Nogales, Sonora State, 7 Apr (NOTIMEX)—The federal government has donated 1.9 million new pesos to install hydraulic gates in the five accesses to Los Nogales River, which flows into U.S. territory, because they are used by illegal aliens and drug traffickers.

Marco Antonio Rodriguez Blasquez, state delegate of the National Migration Institute (INM), explained that the gates will be built to allow personnel posted at the entrance of the tunnels to conduct work in other areas that also require surveillance.

He noted that six weeks ago, a border security coordination group was created, comprising 25 officials from the Federal Highway Police, Sonora State Judicial Police, Municipal Police, Finance and Public Credit Secretariat (SHCP), and the INM.

An official from each corps and entity is dispatched to the tunnels to prevent Central Americans, murderers, and drug traffickers from crossing into the United States, Rodriguez stated.

The official added that the construction of the gates was one of the points on migration matters that was agreed upon two months ago in Zacatecas, during the Binational U.S.-Mexican Meeting. The measure seeks to curtail crossings by illegal aliens across the border.

Jose Jesus Quintana, regional representative of the International Boundaries and Waters Commission (CILA), said, in turn, that before the gates are built, the tunnels will be cleared.

He affirmed that the hydraulic gates will not hurt the water flow during the rainy season and do not pose a threat to the people.

Official Promises Quality of Migration Service To Improve

PA0804213195 Mexico City UNOMASUNO in Spanish 7 Apr 95 p 11

[Report by Joaquin Alvarez]

[FBIS Translated Text] Manuel Rodriguez Arriaga, undersecretary of the Government Secretariat's population and migration service, said yesterday that the federal government's migration policy does not yield to U.S. pressures but instead serves national interests. That is

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why this policy will have to be updated through constructive participation by various sectors throughout the country and incorporated into the ever more complex international context.

Rodriguez said that the quality of migration services will be bolstered substantially in an effort to improve security at the border, to expedite the registration and regulation of the flow of migrants, and to fight trafficking in aliens by criminal organizations.

Upon opening a popular consultation forum yesterday on migration policy which, according to Fernando Solis Camara, commissioner of the National Migration Institute, still suffers from "deficiencies and excessive bureaucracy," Rodriguez said that the Government Secretariat will submit to Congress a proposal to reform the General Population Law, which has been in force for more than 20 years.

In addition, Solis Camara, on presenting a panorama of the situation within the institute that he heads, said that the migration authorities' excessive bureaucracy and deficiencies have forced many foreigners to enter Mexican territory illegally. This is why there are not complete records of these aliens' activities. Solis Camara said that of the 115 migration steps included in the institute's service catalog "many are duplicate or are excessive and that, consequently, there are no standard criteria." To this must be added the lack of automated systems that could organize and rapidly identify the personal identification cards of foreigners residing in Mexico.

Participating in the forum, which after the opening ceremony was split into three working groups to debate exclusively how to improve the quality of migration services, were Arturo Fernandez Perez, rector of ITAM [Autonomous Technological Institute of Mexico]; Humberto Elizondo, secretary general of ANDA [expansion unknown]; Pedro Ojeda Paullada, president of the Higher Court of Conciliation and Arbitration; and Gabriel Alcocer, director general of the National Chamber of Air Transportation, among others.

In his speech, Rodriguez said that Mexico, because of its geographical location, creates and is the stepping stone for and recipient of large waves of migration. "We need to update our migration policy to make it suitable for current needs," he said.

He added that the lack of sufficient information on both sides of the border between Mexico and the United States has created a number of "loopholes" that have been taken advantage of by some U.S. congressmen to manipulate the migration phenomenon for clearly electoral purposes.

Official on Cooperation With U.S. in Fight Against Drugs

PA0804153895 Mexico City REFORMA in Spanish 7 Apr 95 p A-12

[Report by Rodolfo Montes and Alicia Ortiz]

[FBIS Translated Text] Javier Trevino Cantu, under secretary of International Cooperation at the Foreign Relations Secretariat, said yesterday the cooperation between Mexico and the United States in the fight against drug trafficking has intensified in the last few months.

To prove it, he added, the Binational Drug Trafficking Commission will meet in May to analyze new cooperation methods and strategies to fight drug trafficking and money laundering.

Interviewed at the Foreign Secretariat, the official denied drug trafficking is adversely affecting the bilateral relations between Mexico and the United States. "On the contrary," he said, "there is a larger cooperation now that has strengthened between the two countries to tackle the problem, the reason why, I insist, bilateral cooperation is being intensified, thus enriching cooperation, which has good prospects for the future."

Trevino also denied the U.S. party is exerting pressure in the meetings among representatives of the two countries to analyze the issue and putting conditions on Mexican authorities so they will accept and give in to their drug trafficking strategies.

The under secretary was interviewed at the fourth Panamanian-Mexican joint meeting on education and culture, during which agreements on 97 projects on these two subjects were signed.

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Costa Rica

Figueres Reassigns Agriculture Minister To Lead Reforms

PA0804205195 Panama City ACAN in Spanish 2321 GMT 7 Apr 95

[FBIS Translated Text] San Jose, 7 Apr (ACAN-EFE)—Costa Rican President Jose Maria Figueres announced today that Agriculture Minister Mario Carvajal has been relieved of his post and will take charge of leading the plan to enact state reforms, which include the dismissal of thousands of public employees. Carvajal, who will hold the rank of minister, will be charged with "redesigning" the state's administrative structure, with the purpose of cutting costs, achieving more efficient and expeditious administration, and meeting fiscal goals, Figueres said at a news conference.

Roberto Solorzano, who was agricultural development minister until today, will be the new agriculture minister.

The president explained that some of the reforms, which include the dismissal of 8,000 public employees, are being carried out in various sectors, including the same Agriculture Ministry in which Carvajal was minister. Other phases of this process are the approval of several draft bills on pensions, the financial system, and fiscal reform, which includes new taxes. Many of these bills have been shelved by most opposition deputies in the Legislative Assembly.

Carvajal said he will use the Chile, Mexico, Colombia, and New Zealand's experience with reform and apply them in Costa Rica. "It is necessary that this reform be enacted as quickly as possible," by conducting an "institution by institution" analysis, Carvajal said.

For his part, Solorzano committed himself to "continue the transformation process" of institutions in the agriculture sector in order to stimulate production.

El Salvador

ONUSAL Begins Withdrawal From El Salvador

PA0904214595 San Salvador LA PRENSA GRAFICA in Spanish 8 Apr 95 p 6-A

[FBIS Translated Text] Yesterday the UN Observer Mission in El Salvador (ONUSAL) began dismantling its office in this country. The occasion was marked by a special ceremony in Chalatenango Municipality. This process will end on 30 April, at a time when the peace and democratization process is on an "irreversible" path.

Upon concluding its mandate, ONUSAL will maintain a small office with eight international employees and approximately 35 technical workers, whose main task will be to ensure complete fulfillment of pending peace agreements.

This specialized organization will continue functioning until the programs pending completion are executed, including land transfers, treatment for disabled and handicapped war veterans, assistance for urban and rural settlements, and recommendations made to the Truth Commission and the Joint Commission.

Margarita Suarez, head of the Chalatenango regional office, said that the peace processes are going well. She hopes the new institutions resulting from the agreements will be strong enough to assume ONUSAL's duties.

ONUSAL was formally established in July 1991 throughout El Salvador to verify and observe unrestricted respect for human rights and to ensure a cease-fire. ONUSAL resulted from a pact between the sides negotiating the end of the war; this pact was called the San Jose Treaty, which dealt with respect for individual rights.

Suarez said that the peace and democratization process, which began three years ago when the peace agreement was signed in Mexico, will remain an example to the world because of the results it obtained.

Meanwhile, Alfredo Carballo, chief of ONUSAL's police division, said in his speech that with this international organization's departure from El Salvador, the country's new institutions should become stronger and expand their services to the community.

Carballo spoke about the work done by the National Civilian Police, the Judicial Branch, and the Human Rights Ombudsmanship.

"Peace is a continuous process that requires constant defense; peace implies renunciation and acknowledgment of the ideas and rights of others...it involves a new spirit of coexistence," he said.

El Salvador, he said, is making the transition to a new phase of reconciliation and reconstruction after 12 years of armed conflict.

Likewise, Arena [Nationalist Republican Alliance] Deputy Hebert Mauricio Aguilar and FMLN [Farabundo Marti National Liberation Front] Deputy Eduardo Linares agreed that the war should be an example for the new generations, and it should not be repeated.

Linares said that Salvadoran society is experiencing an "irreversible" peace process that is "on the right track," although some agreements are still pending, for example the judicial and electoral systems' reforms.

Both congressmen pledged to work in the Legislative Assembly to create opportunities for people with low incomes, and to overcome Chalatenango's poverty and low standards of living.

ONUSAL initiated the closing of its regional office with a special event at the municipality's main park; the event was attended by police, military, religious, and legal authorities and special guests.

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As part of the dismantling process, the San Salvador regional office will be closed on Monday, the San Miguel office will be closed on Tuesday, and the central office will be closed on 30 April.

Some of the furniture and equipment will be donated to government and nongovernment institutions that conduct community projects, and the communications system (radios) will be donated to the Human Rights Ombudsmanship. The vehicles and computers will be sent to other countries.

Guatemala

De Leon, Defense Minister Disagree on Suspension of CIA Aid

PA0804024095 Guatemala City PRENSA LIBRE in Spanish 7 Apr 95 p 8

[Passages within italics as published]

[FBIS Translated Excerpt] The suspension of the economic aid the U.S. Government used to give the Army through the CIA has stirred a disagreement between President Ramiro De Leon Carpio and Defense Minister General Mario Rene Enriquez, as they contradict one another on the areas that will no longer receive this aid.

De Leon said that *the fight against drug trafficking, which benefits society, is the one tie that has not been broken.*

Before President De Leon's statements, however, Gen. Enriquez affirmed that the decision to suspend the aid was *more detrimental to U.S. interests than Guatemala's.* He also acknowledged that the Guatemalan intelligence services and the CIA always maintained good relations, adding that the CIA aid facilitated the fight against drug trafficking and money laundering and the control of illegal aliens. *Military intelligence will now be unable to cooperate in those areas.*

The president said it is possible that the defense minister has been *misinterpreted.* De Leon admitted to receiving a letter from U.S. Secretary of State Warren Christopher that expressed the Clinton administration's concern about and interest in a swift conclusion of the investigations into the Michael Devine and Efrain Bamaca cases.

The head of state also said he hopes to receive information that will clarify the events, because *he is willing to make the truth public and because he does not hide anything illegal,* adding that *it is incredible that the CIA is paying a state agent, and if that is true, the proper authorities will take him to court.*

ODHA [Archbishop's Human Rights Office] Requests an Exhaustive Investigation

ODHA Director Ronald Ochaeta emphasized that the worst part of the CIA scandal and its links to Guatemalan military officers will come after the public hearings of the U.S. Senate Select Committee on Intelligence, because it will probably ask President Clinton to declassify the Bamaca and Devine cases, in which the names of other people involved in these crimes could appear.

Ochaeta explained that declassifying the information on these two cases is the only way to know if Colonel Julio Roberto Alpirez was a CIA agent and if he was partly responsible for the murders of Bamaca and Devine. [passage omitted]

Ochaeta believes the Senate committee will probably ask President Clinton to declassify the files of these two cases. If this information is made public, other people may be found to have been involved in these crimes. With this evidence, the State Department could begin a trial in a U.S. court and request Alpirez' extradition. Nevertheless, Ochaeta believes that the colonel could be tried in Guatemala if the MP [Prosecutor General's Office] embarks on an exhaustive investigation.

Balconi Says There Must Be A Profound Investigation

Gen. Julio Balconi Turcios, who is a member of the Peace Commission, Copaz, maintained that a *profound* investigation of CIA involvement in criminal actions must be conducted. He said the results of the investigation, whether they are favorable to the Army or not, will strengthen the country's democratic process.

CEG [Guatemalan Bishops Conference] Suggests Alpirez' Suspension

CEG President Monsignor Jorge Mario Avila del Aguila yesterday said the Army must suspend Col. Alpirez to guarantee that he will explain his situation to the courts.

Cuestas Does Not Believe in Extradition

In the opinion of Prosecutor General Ramses Cuestas Gomez, the extradition of Alpirez to the United States is inadmissible.

De Leon: Government Never as Strong as Now

PA0804192495 Guatemala City LA REPUBLICA in Spanish 7 Apr 95 p 3

[Report by Carlos Ajanel]

[FBIS Translated Text] Yesterday, President Ramiro De Leon Carpio claimed his government was "never as strong as it is now" after denying that conflicts, both domestic and abroad, have weakened his administration.

"The truth is I have never felt as strong and calm as now, because the difficulties have been overcome," De Leon Carpio said. He stated this remark after saying the charge that espionage was carried out for the CIA and the consequences of the verdict of the Constitutionality Court (CC) against the fiscal reforms and farm invasions have not had an impact on his administration.

"On the contrary, I feel much stronger now than ever and am enthused about the government platform being drafted for the coming year," the president added.

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According to De Leon Carpio, the most difficult phase of his administration "was experienced last year," when he faced the legislative and judicial bodies in the so-called "political war" of the year.

"Nonetheless, although I did not have the backing of any political party, I got the deputies out and changed the Supreme Court magistrates in a democratic manner," he said, adding "my government was acused at that time of being weak."

"Coups d'etat are forgotten today, and a transition toward another democratically elected regime will become a reality," he said.

Regarding the Constitutionality Court's position on the amparo of unconstitutionality filed against certain articles of the Income Tax Law presented by private business, De Leon Carpio admitted "it will have fatal consequences" on the country's economic status.

"Should the resolution prosper, it will have fatal consequences, not for this government but for the country in general," he said, explaining there will be social investment cuts and difficulties in making payments to bureaucrats.

"No longer will there be 8 percent for the country municipalities, or for potable water, hospitals, or education," he said, without omitting mention of the international cuts announced for the coming year.

Regarding the charge that Army officers have engaged in espionage for the CIA, the president declined to comment, limiting himself to saying he will comment on such charges when "there are more elements of judgment."

Daily: CIA Financed Military Intelligence School

PA0704210895 Guatemala City SIGLO VEINTIUNO in Spanish 6 Apr 95 p 3

[FBIS Translated Text] U.S. sources who requested anonymity told SIGLO VEINTIUNO yesterday that U.S. authorities have initiated a new investigation in the CIA-Alpirez-Guatemalan Army case. Now there are reports that the CIA financed the construction of the Military Intelligence School, located in Zone 13 of Guatemala City.

According to the sources, the new contention is already under investigation and will be reported to the public shortly. According to the informants, the money was taken from a $5 million annual disbursement sent to Guatemala and was channeled to the construction of the Military Intelligence School without the authorization of then U.S. President Bush or the U.S. Congress.

The reports also indicated that U.S. Colonel Al Cornell [name as published], who was the U.S. military attache in Guatemala under Ambassador Thomas Stroock, was involved in those covert transactions.

Stroock allegedly ordered Col. Cornell to meet with Alpirez at the Kaibil base to do an in-depth investigation into the murder of U.S. citizen Michael Devine.

It was also reported that Cornell has ties with the CIA because when he worked in Nicaragua, where he held the same position he had in Guatemala, he recruited Nicaraguan officers for the CIA.

URNG Announces Participation in Upcoming Elections

PA0804035995 Guatemala City LA REPUBLICA in Spanish 6 Apr 95 p 9

[FBIS Translated Text] The Guatemalan National Revolutionary Unity [URNG] announced yesterday that it will participate in the upcoming presidential, legislative, and mayoral elections through the Front for Democracy in Guatemala [Frente por la Democracia en Guatemala] as a political option against the platform of the "right," according to a fax sent to this newspaper yesterday.

The Guatemalan guerrilla group said this political group could include all organizations with this objective, "regardless of their political past."

Rebel Commander Pablo Monsanto states in the fax that all forces with this objective may help promote a democratic and popular project.

Stating that the URNG's objectives are realistic, Monsanto noted: "If we were to delve into the past of each Guatemalan politician, it would be very difficult to build a force of immaculate leaders."

The rebel chief said the guerrillas want groups joining the Front for Democracy in Guatemala to share the stated political objectives "in a political platform that must be forged by consensus."

According to Monsanto, the guerrillas will propose modernization of the economy, development, and benefits.

He said: "The Guatemalan economy needs structural changes in the social and economic aspects and in the agrarian sector to achieve economic modernization and development with social benefits.

In his fax, Monsanto explains that on 20 April, the URNG Command will present the first draft of its economic program, which, according to him, seeks economic modernization, to place the country in the global context, and to secure fundamental development and social benefits.

As Monsanto sees it, this will be difficult to do because certain aspects of Guatemala's structure are obsolete.

If the Supreme Electoral Tribunal's request to move the elections forward to 120 days before the new president is sworn in is approved, the elections could take place on 15 September.

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Honduras

National Assembly Approves Voluntary Military Service

PA0804190695 San Pedro Sula TIEMPO in Spanish 7 Apr 95 p 4

[Report by Carlos Mauricio Flores]

[FBIS Translated Excerpt] Tegucigalpa—Yesterday, the National Assembly approved a constitutional reform establishing educational, voluntary, military service. In lengthy speeches, the members said this approval consolidates civil society and dispenses with the manhunts unleashed by the Armed Forces.

The 128 members almost unanimously approved the amendment of Article 276 of the Constitution. Only two members, Donaldo Reyes Avelar, of the National Action Party [PN], and Carlos Alejandro Sosa Coello, of the Social Democratic Innovation and Unity Party, voted no. Jorge Roberto Madariaga, of the Liberal Party who had agreed with the approval during the debate, was gone by the time a vote was taken.

The session, which was presided over by Assembly President Carlos Flores Facusse, was opened at 1235, one and a half hours after it was scheduled to open. It had to be delayed when it was found, from PN Assembly member Andres Torres Rodriguez' remarks, that the wording of the decree up for approval was flawed.

The National Assembly authorities had had nearly one year to refine the decree, but they had to add the word "ratify" at the last minute, because the document only included the word "approve." The amendment had been approved during a first debate on 4 May 1994. [passage omitted]

Nicaragua

Article Questions DEA Involvement in Drug Trafficking

PA0804211395 Managua BARRICADA in Spanish 7 Apr 95 p 5

[Article by Simon Cruz Silva Jr.: "The DEA's Invisible Strategy"; from the "Opinions" page—passages in italics as published]

[FBIS Translated Text] For some time now, I have been noticing how, even though we are adults, we continue to believe in fairy tales. We only *swallow* those stories because the storyteller is *mister yanqui*, who has slowly but surely infiltrated our territory and gotten us completely entangled in drug trafficking, which allows Washington to officially install the DEA in our country with the story that they are fighting this activity.

The first step was to "show" that Nicaragua is a bridge for drug trafficking. This required spectacular "busts" that would serve as evidence for their stories on their position against drug trafficking and to justify their actions, according "to our good gringo friends," entirely *for the good of Nicaragua.*

But what they are doing is totally contrary to their alleged noble intention: the plan is to tarnish us internationally and with the complacency of the government that has naively believed the story that *Nicaraguan capos* really do exist. What a coincidence that these things started happening and that the Nicaraguan mafiosos started to show up and operate in our country as of 1990.

Where were they before? How were they doing when they were abroad? Let's look at the case of the *Corsario* and the *Neptuno*, and let's ask a few simple and logical questions: Who would consider putting all his eggs in one basket? Who had the bright idea of trafficking using a ship with more "colors" than a rainbow and more "heat" than hell?

Who came up with the idea of labeling the contraband of the cursed drug with the trademark of a gringo motorcycle and to have it printed on the plastic bags? Who would think of carrying so much money in such a "colored" ship? Anyone with a just a few brains would not do such stupid things...unless he were absolutely sure of complete protection. To put it more clearly speaking, unless he were in "cahoots" with the authorities.

What authorities and from where? It cannot be with local authorities because you have to transit international waters to go from Cartagena to Nicaragua. Thus, the "cahoots" has to be with an authority that operates internationally. The modern buccaneers of the DEA are the only ones who qualify.

In the case of the ships *involved*—according to what they have asserted—they were followed after leaving port in Cartagena. Thus, they knew what the ships carried; they also knew to whom they belonged. Those ships are not owned by a few penniless guys from the coast who will be held fully responsible for something for which it is impossible—physically and economically—to blame them.

This indicates to us that those who knew of this shipment were the DEA buccaneers. But the plan was to make the *bust in Nicaragua*, to tarnish our territory because that would allow them to enter the country, more than they have since 1990, and to use drugs, just as they used *democracy*, and make it a flourishing business, earn millions, and, as if by chance, "bust" the *Neptuno* and the *Corsario.*

With this gambit they would also shift public attention from cases like the ones of Meneses and pilot Mike Palmer, who almost always end up being DEA acquaintances, friends, partners, collaborators, informants, or double agents.

Please examine this unusual and contradictory situation: Drugs flourish wherever the DEA happens to be. Because of this the DEA has had to respond for its illegal actions,

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that of being *judge and jury*, in the drug trafficking business before a subcommittee of the U.S. Senate, headed by Senator Kerry and backed by the National Security Council, the CIA, the FBI, the Justice Department...and the DEA itself.

Military Sources Confirm Penetration of Colombian Fighters

PA0704175895 Managua BARRICADA in Spanish 6 Apr 95 pp 1, 2

[Report by Noel Irias and Gretta Paiz]

[FBIS Translated Text] Military sources in Managua have reported at least three Colombian fighters, probably even five, penetrated above Nicaraguan territorial waters yesterday, nearly attacking a naval force Coast Guard GC 307 and other ships fishing legally approximately 80 miles east of Puerto Cabezas, in the north Atlantic.

The Puerto Cabezas fishing company ATLANOR disclosed that two Colombian Navy helicopters and four fighters had attempted to seize a Nicaraguan vessel identified as Capitan Leo yesterday.

A spokesperson for the fishing company said "the helicopters and the fighters had overflown the ships in an openly hostile manner as they were fishing 15 miles (27 kms) from the maritime border with Colombia."

A military source in Managua has confirmed the incident with the Nicaraguan Coast Guard had taken place at noon, at coordinates 13 degrees, 52 minutes latitude north, and 82 degrees, six minutes longitude west. The Coast Guard was on a routine patrol in the area when it was intercepted by two Colombian Air Force helicopters and a T-33 aircraft flying southeast to northeast.

According to an ATLANOR spokesperson, the Colombian Navy was trying to force the Nicaraguan seamen to abandon the area, an action which prompted them to contact the Coast Guard "to defend the country's sovereignty."

"The presence of the Coast Guard prompted the Colombian aircraft to withdraw. Had it not arrived, the sailors would probably be in a Colombian prison, captured in Nicaraguan waters," the source in Puerto Cabezas added.

Foreign Ministry Protests to Colombia

The same source added that the Captain Leo as well as other ships in Puerto Cabezas tend to fish normally in the same area where the incident took place. Nevertheless, the source added, we are now "apprehensive about returning, because the aircraft could now shoot at or even kidnap us."

A Nicaraguan Foreign Ministry spokesperson has disclosed that Minister Ernesto Leal had sent a note to his Colombian counterpart, Rodrigo Pardo, condemning the episode "and calling for a friendly solution to these incidents in order to prevent it from happening again."

Talks between both Foreign Ministries are scheduled to continue today. According to consulted ministry officials, the Colombian aircraft entered the territory from the island of San Andres, which is Nicaraguan but which Colombia took over at the end of the 1920's.

This new incident is part of an ongoing territorial difference between both nations that originated due to Colombia's ambition to extend its sovereignty 200 miles from the island of San Andres, which, at the same time, Nicaragua considers as part of its territory.

The Colombian president traveled to San Andres in 1994 to affirm this country's sovereignty on the island and to announce an increase in the number of Navy and Air Force units in the area.

Panama

Article Views Impact of Southern Command Withdrawal

PA0804034395 Panama City EL PANAMA AMERICA in Spanish 7 Apr 95 p A7

[Article by Carlos Gasnell: "Southern Command and Military Presence: The Past, Present, and Future"]

[FBIS Translated Text] The Canal, the military presence, and the Panamanian state emerged simultaneously following independence in 1903. For centuries, military and economic powers had dreamed of the Canal, and it fell to the United States and President Roosevelt to complete the lengthy process initiated by the French. The military presence came hand in hand with completion of the Canal to guarantee its defense.

The state, in part, was an appendix of the Canal and the U.S. presence, which were given the stamp of approval by Roosevelt's famous statement: "I took Panama." From the very beginning of this unique state, not a minute has passed without the U.S. military presence being a permanent part of Panamanian society, with all the positive and negative aspects that presence has meant.

Today, sheltered by the Torrijos-Carter Treaty, the power has taken the initiative by announcing the Southern Command's future transfer to Florida, in strict fulfillment of the treaty. We are already seeing a variety of reactions, thoughts, and statements in response to this event, which will have a profound impact on the Panamanian state's institutional life. If I had to respond to the initiative off the top of my head, I would first say that the Panamanian people must admit that the U.S. military presence in our country cannot be classified as any type of presence. That presence is not just a base in some corregimiento, district, or province with little impact on our society in general. It has manifested itself for decades through a huge military apparatus called Southern Command, which has continental and hemispheric strategic

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goals, a significant impact on the country's two leading provinces, and direct and indirect economic effects on the country's overall economy, aside for its distorting effect on the Panamanian state's institutionality.

Today, by virtue of a treaty, this apparatus has been forced to drastically reduce its operations in Panamanian territory. This process will not be an easy task, and it will have a structural impact on the country's economic life, because until now that presence was a structural part of Panamanian society.

As I examined the social impact of the withdrawal, I became concerned about the effect it will have on certain social strata, such as the people of West Indian descent, who because of their fluency in English always found employment in the Canal area. Conditions for this group gradually improved when the disgraceful gold and silver rolls were eliminated. Due to the working conditions in the Canal area, people of West Indian descent began migrating to the north in search of better living conditions. The military installations also welcomed Indian laborers for the lowest paying jobs, thus resolving situations that the Panamanian labor structure did not provide for.

The transfer of the Southern Command will be particularly traumatic for those sectors because its huge apparatus was an important point of reference for their occupational future. The large military apparatus also had a strong impact on various commercial, industrial, and service activities, which will unquestionably be affected by the departure. In fact, the reduction of the military apparatus' operations represents a great challenge for Panama, and that challenge will have to be resolved intelligently and with the strategic unity of all the sectors of our socioeconomic structure.

In response to the inevitable expression of a historic mandate, I expect both states to look after the employees who will be affected, because these people are human beings. As for the military's future presence, once the great apparatus is reduced, I expect that regardless of how that presence is expressed through future agreements, it will be significantly different from the presence to which, strangely enough, we have grown accustomed throughout 92 years of independence.

Article: Panamanians Stand To Gain With SOUTHCOM Departure

PA0704163395 Panama City EL PANAMA AMERICA in Spanish 6 Apr 95 p A-6

[Article by Raul Leis: "Farewell to Arms"]

[FBIS Translated Text] The two poignant centers of the crisis were paradoxically face-to-face in December 1989, almost on either side of the avenue known as the Avenue of the Martyrs' to some and the Fourth of July Avenue to others: the headquarters of the Panama Defense Forces in El Chorrillo and the U.S. Southern Command Headquarters at Quarry Heights. The invasion broke out when the central headquarters were bombed in the midst of the horror of the El Chorrillo holocaust, which left a toll of many dead and wounded and destroyed property. The U.S. Government has announced six years later the transfer of SOUTHCOM's headquarters at Quarry Heights to Miami in 1998 in compliance with the Panama Canal Treaty.

Many people believe SOUTHCOM has been tasked to defend the Panama Canal, but that is not so. SOUTHCOM is a high tech, super-military complex with missions that go beyond that.

SOUTHCOM is a key element in U.S. international geopolitics, because it is one of the U.S. strategic, unified commands in the world. It is an extraneous military complex set apart from Panama that obeys another country and maintains an internal structure of commands, resources, and logistics that follow a world strategy aimed at guarding U.S. national security interests.

SOUTHCOM is tasked with controlling the territory of 19 Latin American countries. It performs coordination tasks with its military agencies in the U.S. Embassies of those countries. It carries out a vast program of military training for the armies of Latin American through courses given in the Panama Canal area as well as in those countries.

SOUTHCOM's military installations cover Panama in a strategic central circle, making our country the target of a future conflict, because it is the seat of a superpower's command center linked to an interoceanic communications waterway as important as the Panama Canal.

SOUTHCOM has also been a vital part of world and regional conflicts, as was the case with the Central American crisis when this command channeled intelligence information, resources, and logistics from Panama to the contra forces in Nicaragua and the Salvadoran army, making us a part of a dangerous conflict.

There are many other—we believe well documented—aspects, in our research essay entitled: "The Southern Command: A Hostile Power," edited in several countries and awarded Mexico's Plural Prize and the Venezuelan NUEVA SOCIEDAD magazine prize.

Within that perspective, I believe and affirm that we, as Panamanians, stand to gain with SOUTHCOM's departure from Panama. In that way, we are not just getting rid of a danger factor for our country that is unrelated to the defense of the Panama Canal, but we are also ridding ourselves of the command of an army with generals and colonels in a country that no longer has an armed force, given it was destroyed by the army that trained, boosted, and later violently destroyed it.

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If we are quite free without domestic militarism, our freedom will be much greater without a foreign militarism; that is, without being headquarters to the Southern Command or any other command of any army regardless of whatever country it might be.

Few if any Panamanians are among the 700 staff employed at Quarry Heights for the simple reason it is a high security area; thus, in this specific case, no one can complain about a job loss. Another significant aspect worth mentioning is that the Southern Command's departure, in accordance with the treaty, must be orderly, peaceful. The property to be reverted must be free of any contamination and in excellent condition. So be it. It is the responsibility of all Panamanians, men and women, to put those installations to a much better use, the way it should be.

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Argentina

Menem Approves Patents Law; GATT To Resolve Snags

PY0704225695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1225 GMT 7 Apr 95

[FBIS Translated Text] Buenos Aires, 7 Apr (NA) — President Carlos Menem today decided to let the GATT resolve any eventual dispute over the Patents Law between Argentina and the United States

"My opinion is to allow the law to be approved, and if other countries feel that they are affected, the GATT has a mechanism for resolving this type of controversy," the president stressed in remarks this morning to Radio America.

Di Tella Rejects Dole's Criticism of Patents Bill

PY0704174295 Buenos Aires TELAM in Spanish 1443 GMT 7 Apr 95

[FBIS Translated Text] Buenos Aires, 7 Apr (TELAM)—Foreign Minister Guido Di Tella today challenged the remarks made by the U.S. Senate majority leader, Republican Bob Dole, who in a letter sent to the Argentine Government describes the patents bill as unacceptable piracy.

In remarks made at the Jorge Newbery metropolitan airport before leaving for Bariloche, Di Tella emphasized: "Dole does not know what he is saying" when he contends that the Argentine patents bill "is an unacceptable piracy."

The foreign minister admitted that the Argentine Government and the United States "effectively have differing interpretations" of the patents bill, but indicated that "it is necessary to reconcile these positions."

Di Tella also emphasized that the patents bill "generally" conforms to the tenets established by GATT.

Di Tella travelled to Bariloche this morning to attend the presentation of the first Argentine scientific satellite, SAC-B, jointly developed with scientific organizations from the United States, Italy, and Brazil.

The presentation ceremony will be held at the INVAP [Applied Research Institute] technological enterprise of San Carlos de Bariloche, with the presence of U.S. Ambassador to Argentina James Cheek, diplomats, experts, and government officials.

In agreement with Di Tella's remarks, Provisional Senate President Eduardo Menem today emphasized that the patents bill "conforms to GATT provisions," and confirmed that, if the executive branch issues a partial veto, "Congress will require the approval of the original bill."

The senator for La Rioja Province told Radio America that "if any controversy arises" among the interested parties, "GATT itself will establish a way to settle it."

The provisional Senate president emphasized: "If some people believe that there is a contradiction between the bill and GATT, they should challenge the constitutionality of the bill, because according to the Constitution bills ratifying international treaties take precedence over local bills."

The provisional senate president said, in conclusion: "There are two ways of settling these conflicts: Go to the courts to challenge the constitutionality of the bill, or resort to GATT's mechanism for settling disagreements."

Says 'No Negotiations' With U.S.

PY0704231895 Buenos Aires TELAM in Spanish 2134 GMT 7 Apr 95

[FBIS Translated Excerpt] San Carlos de Bariloche, 7 Apr (TELAM)—Foreign Minister Guido DI Tella said today there are no negotiations with U.S. Government officials regarding the Patents Law that has been approved by Congress.

He told TELAM that the approved law "follows what was stipulated by the GATT."

Di Tella emphasized: "There is no type of negotiation nor are there talks regarding the medicines patent law with officials or envoys of the U.S. Government."

He made it clear that "the law as it has been approved does not contravene what has been stipulated by the GATT, which, as an agreement, is stronger than a law." He added: "If there are contradictions they will be modified, but in general terms the topic does not merit discussion." [passage omitted]

Senate President 'Not Afraid' of U.S. Retaliation

PY0804003895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1534 GMT 7 Apr 95

[FBIS Translated Excerpt] Buenos Aires, 7 Apr (NA)—While stating that he is not afraid the United States may apply sanctions against Argentina, Provisional Senate President Eduardo Menem reiterated today that the Patents Law "must be promulgated as it was enacted" by Congress.

Menem said: "I am not afraid of U.S. retaliation. It would be most regrettable because it would harm both countries, but I believe that when one has made a decision that involves the defense of our national interests, one should not fear sanctions." [passage omitted on previously filed material]

Menem, who was interviewed by several radio stations this morning, noted that "the United States demands that the law be vetoed in its entirety because it is defending its interests, which in this case clash with ours.

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In any case, I would like to say that, basing myself on the talks I had with senators and deputies and on what they told me, most congressmen intend to insist that the text of the law passed by Congress be promulgated without any amendments."

He further stated that he does not agree "in the least" with the analysis of the Patents Law made by a coterie of U.S. politicians, who argue that it constitutes "an unacceptable piracy."

He added that "sure enough, the legislation did not meet the U.S. expectations," but, he underscored, "it fully conforms to GATT regulations."

Menem, speaking on the radio, explained that the GATT contemplates a transition period of up to 10 years, whereas the law passed by the Argentine Congress establishes an eight-year transition period.

He pointed out: "The United States opposes this law because they wanted it to become effective as soon as possible, but it is our bounden duty to protect our domestic industry."

The provisional president of the Senate ruled out the possibility of an estrangement between Argentina and the United States on account of their differences over this law, as, in his opinion, bilateral relations "go well beyond the issue of patents on medicines."

He stated: "I think that our relations are much deeper and more wide-ranging, and bilateral trade is even greater. Hence, it would go against both countries' interests if their relations were to become strained or rocky."

Ambassador Admits U.S. Pressure To Veto Patents Law

PY0804020995 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0021 GMT 8 Apr 95

[FBIS Translated Text] Buenos Aires, 7 Apr (NA)—Argentine Ambassador to the United States Raul Granillo Ocampo tonight admitted that the United States had applied pressure to get the Patents Law vetoed.

Granillo Ocampo stressed that the decision of the Argentine Congress is "sovereign." He thus answered a letter from Republican Senator Robert Dole, who termed as "unacceptable piracy" the new law approved by the Argentine Congress.

Granillo Ocampo told a radio station that "we face a decisive time. Consequently the pressure increases to induce the Argentine Government to adopt a decision that conforms with the objectives of the U.S. Government."

The new Patents Law, which affects the patents on medicines, is based on recommendations of GATT agreements, which were signed by Argentina and the United States.

Granillo Ocampo said the U.S. senator's note states that Argentina "should establish" a system to protect new discoveries of medicines "much stronger" than the system outlined in the new law.

The ambassador stated that he had answered Dole when he said the law approved by the Argentine Congress "guarantees the levels of protection established by the GATT."

Granillo Ocampo said: "If they do not like it, they should not have signed it."

The ambassador said he "did not know" if the U.S. Embassy submitted a note to the Foreign Ministry asking the president to totally veto the law.

He stressed: "The only thing that can modify the law is if the executive branch believes there is some problem, but that is outside of my jurisdiction."

U.S. Pressure, 'Undue Force' Over Patents Law Viewed

PY0804023395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2317 GMT 7 Apr 95

[Special report for NOTICIAS ARGENTINAS by Jose Maria Monzon]

[FBIS Translated Text] Buenos Aires, 7 Apr—The pressure exerted by the U.S. Government to make the Argentine Congress enact a patents law tailored to the interests of U.S. pharmaceutical companies has been redoubled with undue force, stymieing government officials' maneuvering capacity and putting them in the tight spot of having to opt between their faithfulness to a policy of complete alignment with the United States and their respect for a decision made by the Argentine Congress.

Similar to what happened previously when the maintenance of friendly bilateral relations was at stake, [Economy] Minister Domingo Cavallo and [Foreign] Minister Guido Di Tella presented a common front to warn about the disastrous consequences that an attitude contrary to the interests of our number one partner may bring about at this juncture.

They are trying to scare the public with the specter of a financial crisis affecting many countries of the region, which—they contend—requires more than ever that we be attuned to those who carry weight with international financial organizations.

This dread of annoying government officials in Washington is comparable to the one they inspired among Argentines in former times to justify the dismantling of the Condor missile project, the ratification of the Treaty of Tlatelolco, or the exaggerated anti-Castro stance.

Nevertheless, the voices of the ruling party do not seem at present to sing in unison, as in the past.

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The stance that the Justicialist Party has adopted on the patents issue ranges from a rebellious attitude into which some lawmakers who reject the possibility of a partial veto have seemingly fallen to the cautious position of Secretary General of the Presidency Eduardo Bauza, who is trying to work out a Solomonic compromise that satisfies both Argentine congressmen and U.S. authorities.

Considering that the thorniest articles of the patents law have to do with the fact that the law will only become effective in the year 2003 and that foreign pharmaceutical companies must produce their medicines in Argentina, Bauza proposes postponing the aforementioned date but allowing the importation of medicines from their places of origin.

Another element in this controversy is the interpretation each party makes of the general guidelines established in the final agreement of the Uruguay Round of the GATT talks, to which both Argentina and the United States must adhere.

This agreement includes a special chapter on patents, in which, according to Washington, there is no provision stating that holders of patents must of necessity manufacture the product in the country where they want to sell it. What foreign pharmaceutical companies do not say, however, is that GATT itself allows for a period longer than eight years to bring the law into force.

The Argentine lawmakers who are in favor of the enacted law argue that in case of contradictions between the law and GATT regulations, the aforementioned agreement provides for a mechanism to settle controversies, and therefore, they reject and repudiate the threats uttered by U.S. Trade Representative Mickey Kantor with regard to imposing economic sanctions against Argentina.

The fact of the matter is that the United States does not want Argentina to enact a patents law that abides by GATT's regulations, but rather they want a law that goes an extra mile in satisfying their interests.

When an Argentine official once told a U.S. representative that Americans had to comply with GATT's provisions, too, the latter replied that his country had reluctantly signed the chapter on patents in the same way that Argentina had agreed unwillingly to the chapter that allows for the maintenance of agricultural subsidies.

Labor Minister Defends New Labor Laws

95SM0269A Buenos Aires CLARIN in Spanish 26 Mar 95 pp 2-4

[Interview with Labor Minister Armando Caro Figueroa by Ismael Bermudez: "Job Stability Is a Myth"; place and date not given; first three paragraphs are CLARIN introduction]

[FBIS Translated Text] According to Armando Caro Figueroa, by introducing "temporary" work contracts into labor legislation on a mass scale, Argentina will be adapting to the new ways in which companies are organizing production. In the critics' view, the new laws will make employment ever more insecure.

Congress passed two major labor laws that went almost unnoticed, since at the same time the country was shaken by the death of President Menem's son. One of them amends the labor-contract law, and the other establishes special labor regulations for small and mid-sized firms (see boxes).

In the view of Labor Minister Armando Caro Figueroa, the laws, which provide for temporary contracts and shorten the notification periods for dismissal, represent a social gain because they adapt social legislation to the new forms of labor organization. In contrast, Hector Recalde, a professor of labor law at the UBA [Buenos Aires University], says that they create job insecurity because from now on only males between 25 and 40 years of age who work for big companies will enjoy protection against arbitrary firing (they make up 0.5 percent of all wage earners). "The unconstitutionality of these laws will give rise to suits, but not jobs," Recalde says. The following is a conversation with the labor minister.

[Bermudez] What do these laws mean from a social standpoint?

[Figueroa] They represent a major step forward in adapting Argentina's labor system to the new conditions of production and organization in companies. The one that amends the labor-contract regulations will promote job creation because it adds to the old arrangements under the labor-contract law and to the 1991 national employment law new contract options, such as part-time work, which had not been regulated in our country until now, and the apprenticeship contract so that young people can get jobs. This law also abolishes a series of requirements and exceptions for certain contracts of limited duration and, lastly, provides for trial periods. In short, there are two kinds of contracts: the regular contract or contract of indefinite duration, the kind that we have always had in Argentina, and temporary contracts of a specific length.

[Bermudez] Doesn't all this make employment less secure?

[Figueroa] No. What it does is to make the types of contracts consistent with the available jobs. Lawmakers did not invent part-time contracts. Some jobs are part-time, so we need legislation for them.

[Bermudez] Under regular or permanent contracts there will be a three-month trial period that can be extended by agreement to six months. During this period neither the employee nor the employer make contributions to social security, thus defunding the pension system, and during this period the worker can be fired without notice or severance pay. Aren't such jobs insecure?

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[Figueroa] No, because companies today can hire workers under such conditions under temporary contracts. If a company wanted to turn over personnel, it would use one of these contracts and extend it to the limit of the law and, when the contract expires, replace the worker and hire another one. This is what is happening at present, with 50 percent reductions in social-security contributions and in some cases, more. What we are after with the trial period is to make the regular contract more attractive than it currently is.

[Bermudez] Attractive for whom?

[Figueroa] For the employer and the worker.

[Bermudez] What is the attraction for the worker?

[Figueroa] If workers join a company in a trial period, they could get a regular contract. If they join another way, their contract would be temporary.

[Bermudez] But when the trial period is over, they can be fired without notice or severance pay....

[Bermudez] Every country in the world has the trial period. Argentina was the only country that did not, because there was a judicial construction that held that job security was incompatible with a trial period, ignoring that it is a prelude to a regular contract....

[Bermudez] Isn't there the risk that the employer will just keep on turning over his personnel? The company hires someone for a trial period, does not pay contributions, fires that person without severance pay, hires another one, and so on....

[Figueroa] There is also the risk of being run over in the street. We must legislate for normal situations. If an employer needs a worker for a stable post, he is going to use a regular contract, but we are going to give him the chance to test the worker for a while. If someone uses these arrangements in an abusive, fraudulent manner, they will be penalized.

[Bermudez] Why would that be abusive, if it is legal?

[Figueroa] Because this is not the intent of the law. A modern company, as it is being run today, needs a core of stable, committed workers with high or intermediate skills, a group of temporary workers who may be from the company or else subcontracted, and a third, outside group such as a cleaning crew, watchmen, etc. This is the organizational model toward which our system of production is moving. So, what the law has to do is to bring available jobs in line with the different contracts. There will be regular contracts, because the company needs them, because there are workers who want security, and because they are good for the economy. What we cannot do is to promote this regular or permanent contract while banning the trial period. Employers need to hire workers for trial periods because the costly processes of personnel selection have a certain margin of error, and some cannot pay this price. So we are saying: go ahead a hire a worker under a permanent contract, which is also generally a verbal contract, knowing that you have a trial period that guarantees you that if the trial does not work out....

[Bermudez] But companies will have two wages for the same job. And the cost of a trial worker will be lower. So, the company that always has workers in trial periods will have an advantage.

[Figueroa] That would happen only in Argentina. Someone comes up with a solution, and right away everyone tries to take fraudulent advantage of it. What we are doing is to put temporary and permanent contracts on somewhat of an equal footing, because otherwise no one would hire under a permanent contract.

[Bermudez] What people are worried about is the following: the regular or permanent contract will quickly disappear, and everybody will come under temporary contracts. Job security, which is what workers are concerned about, will vanish.

[Figueroa] Job security is a myth in Argentina's legal culture. Jobs are not secure, depending on what lawmakers say. Moreover, jobs were never secure. Argentina's labor system says that when an employer wants to dismiss someone, he can do so with severance pay, and when a worker disagrees with a proposal, he can be considered fired. Was anyone ever unable to revamp his company because he was unable to lay off workers? There is arbitrary dismissal here; there always has been, except in a single sector, under the banking statute, which was ridiculous.

[Bermudez] There are many incentives for using the temporary contract, because firing someone has almost zero cost and, in some cases, such as small businesses, the cost is zero. In addition there are lower social security contributions and no lawsuits. In contrast, an employer knows that if he hires someone permanently, he will have to pay severance. Would anyone really hire a worker for an indefinite period?

[Figueroa] This is why no one hires a worker under this arrangement or does it fraudulently, hiring under the table, because if the worker gets himself fired, he gets several months severance pay. This defies common sense. So, what we are doing is saying: the regular contract will have some attractions that it did not have before, such as the trial period, and in the case of a small business, we are cutting the time of notice to one, noncalendar month.

[Bermudez] People are saying that there will be higher unemployment because the economy is going to grow more slowly, and in recent years, with high growth, the jobless rate doubled. Under this legislation will employment rise or fall?

[Figueroa] We are not in a recession. Since 1991 the Argentine economy has undergone a phenomenal reconversion that has not destroyed jobs. People often use inappropriate terminology.

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[Bermudez] But the unemployment rate doubled....

[Figueroa] Yes, but there is an employment rate and an unemployment rate. When an economy goes into recession, jobs are lost. It means that you go from 12 million to 10 million people with jobs. In Argentina in 1991 we started with 11.3 million people with jobs, and today we are at 12.1 million. The economy kept creating jobs....

[Bermudez] But more slowly than the population increased....

[Figueroa] More slowly than the natural increase owing to births 15 to 18 years before, immigration, first-time job seekers. So, the jobs that were created from 1991 to 1994 were insufficient to absorb all of these job seekers, but jobs were created....

[Bermudez] The labor regulations for small and mid-sized companies apply to firms of up to 40 workers doing an as yet undetermined volume of business. What amounts are being considered?

[Figueroa] There is a followup committee, which will be meeting next week. The decisions will have to be made industry by industry. For example, let's say 6 million in foodstuffs and 30 million in banking.

[Bermudez] Will there be additional provisions for vacations or Christmas bonuses for workers in small and mid-sized firms?

[Figueroa] No provisions are necessary, because it all comes under the law. There was no change in the length of vacations. The new twist is that they can be taken anytime during the year, but if the company does not close in summer, one in three workers must go on vacation during the summer, between October and March.

[Bermudez] The law says that there will be special agreements for small and mid-sized companies in each industry. Must the union consent to negotiate such agreements?

[Figueroa] It is obligated to negotiate. A small and mid-sized company contract may be negotiated in each branch of industry throughout the country or by region.

[Box, p 3]

The New Labor Laws (Main Provisions)

Modification of the Labor Contract Law (covers all employed workers)

- Trial period: At the start of an employer/employee relationship there is automatically a one-time three-month trial period per employer (it can be extended to six months under the agreements). The employer and employee will not make contributions to the pension funds, to PAMI [Comprehensive Medical Assistance Plan] (INSSJP [National Institute for Social Services for Pensioners and Retirees]), or to the Employment Fund. They will make contributions to the medical-care funds and to the family allowance. If the contract continues after the trial period, the period will be counted as service time for labor and pension purposes. Otherwise, it will not count. During the trial period the worker can be dismissed without cause and without the right to severance pay.

New Contract Arrangements:

1) Part-time contracts: When the worker works for less than two-thirds of the regular work week. Remuneration may not be less than the corresponding proportion of full-time pay.

2) Employment-promotion contract for workers over age 40, the handicapped, women, and Malvinas war veterans: Length, six months (can be extended for periods of six months up to two years). Employers will make half of the social-security contributions, except to the medical-care funds. The number of workers under these contracts may not exceed 10 percent of the total payroll, although in companies with between six and 25 workers, a maximum of 50 percent will be accepted and in companies with fewer than five workers, 100 percent will be accepted, on top of a base that does not exceed three. An employer who does not have any employees may hire one worker under such a contract. When the contract expires, it lapses without notice and with no right to severance pay.

3) Apprenticeship contract: For persons between 14 and 25 years of age. It will have a minimum duration of three months and a maximum duration of 24 months, and the workday may not exceed six hours or the work week 36 hours. The apprentice will receive "compensation," which may not be less than the minimum hourly wage, for every hour of apprenticeship. The employer will not pay social security taxes, because this is not regarded as a work contract. He must provide the apprentice "appropriate health coverage." This contract is not counted as work time for pension purposes. The agreements will establish the maximum percentages of the entire regular payroll that may be covered by these contracts.

[Box, p 4]

Employment in Small and Mid-sized Companies (sales volume to be determined by industry, up to 40 workers)

Contracts: They may be promotion contracts, contracts to start a new business, contracts for young people, and work-training contracts, lasting from six months to two years, with a partial or total exemption from social-security contributions. The implementation of these contracts will not require the prior authorization of the labor agreements, nor will workers receive severance pay at the expiration of the contract (both being provisions of the Employment Law).

Vacations: The collective-bargaining agreements may modify the formalities and requirements for and the notice and timing of vacations in any way.

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Christmas bonus: The agreements may provide for the staggering of the Christmas bonus pay periods, as long as there are no more than three periods a year.

Notice: The period will be computed as of the day after notice is given in writing. It will be one month, regardless of the worker's time of service. This regulation will apply to workers hired after this law takes effect.

Termination of contract: The agreements may modify the rules governing the expiration of the work contract. In the event of dismissals resulting from a procedure to prevent a crisis, the National Employment Fund may take total or partial responsibility for the corresponding severance pay or finance the training or reconversion of laid-off workers.

Mobility: The employer may reach an agreement with union representatives on redefining the job posts under the categories set forth in the agreements.

Changes: Whenever companies decide to reorganize personnel for technological, organizational, or market-based reasons, they may propose changes in the collective-bargaining or bylaw regulations to the union, which is entitled to receive the pertinent information.

Bolivia

Sanchez: Negotiations With U.S. 'Difficult'

PY0804024295 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 7 Apr 95

[FBIS Translated Text] President Sanchez de Lozada has admitted in Cochabamba that his administration is enduring strong U.S. pressure. In light of this, Sanchez de Lozada said: We better eradicate coca, otherwise, we will suffer unbearable consequences.

After stating that strong efforts must be made to define a national drug enforcement policy, Sanchez de Lozada said there are two sides to the drug trafficking issue: supply and demand. If there was no demand for drugs in developed countries, there would not be any surplus coca production.

The president made this statement in Cochabamba, where he attended a meeting with representatives of local institutions, with whom he discussed agreements about the draft telecommunications bill.

President Sanchez de Lozada expressed regret that developed countries have created this problem while punishing drug-producing countries for it. He said developed countries punish producing countries such as Bolivia for not implementing a formula designed by them which they believe is suitable for combating drug trafficking.

The president also reported that next week a Bolivian mission headed by Justice Minister Rene Blattmann will sign an extradition treaty with the U. S. Government. He said this will be a fair and just agreement that will safeguard national dignity and sovereignty.

He added that the foreign and justice ministries have worked on the basis of prototype extradition treaty drafted by the United Nations which has been adapted to the Bolivian situation and international agreements.

Sanchez de Lozada described as difficult the negotiations between a small country, such as Bolivia, with the most powerful country in the world, a country determined to uphold a demanding and dogmatic position regarding drugs.

Aranibar Foresees 'Complex' Talks on Extradition Treaty

PY0804025495 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 7 Apr 95

[FBIS Translated Text] Congressional support for the Foreign Ministry will help in the negotiation of the new extradition treaty with the United States. Foreign Minister Antonio Aranibar reasserted that he foresees difficult and complex negotiations over the extradition treaty drafted by the Foreign Ministry in January 1995.

It is the U.S. Government's intention to encompass in the negotiations some points included in previous extradition treaties, such as those of 1990, 1991, and 1993. The key issue under discussion is that concerning kidnappings. Bolivia's position is not to tolerate kidnappings, but the U.S. Government intends to justify them.

Foreign Minister Aranibar gave a detailed briefing to congress on the draft extradition treaties during secret sessions. Yesterday, the legislative branch decided to support these negotiations because it believes that the Bolivian proposal is based on international agreements and the safeguarding of national sovereingty.

Commenting on the issue, Foreign Minister Antonio Aranibar said:

[Begin Aranibar recording] These are complex and difficult negotiations, namely, we cannot specify whether we are negotiating on the basis of the 1990 or 1995 treaties, because as I have extensively explained to congress, the Bolivian Government is interested is negotiating on the basis of the 1995 treaty. This is not, however, the U.S. Government view. We are negotiating to try to achieve a consensus and an agreement. This is the objective of all negotiations, and this is what we have been striving to achieve. [end recording]

A Bolivian Government delegation headed by Justice Minister Blattmann and comprising a Foreign Ministry team of legal experts will go to the United States to discuss the extradition agreement as of 10 April. Bolivia hopes to achieve a just and fair agreement that will respect national sovereignty.

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Brazil

Lampreia, German Minister Sign Environmental Accords

PY0704161095 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 7 Apr 95

[Report by Milton Duarte]

[FBIS Translated Text] Brazil and Germany signed in Brasilia yesterday agreements designed to invest 46 million reals [R] in environmental projects.

The funds will be invested in the implementation of 300 projects involving local communities and nongovernmental organizations in disseminating sustainable development models, in the protection of the Atlantic forest in Parana State, and in the demarcation of Indian reservations.

Signing the agreements were Foreign Minister Luiz Felipe Lampreia and German Economic Cooperation Minister Carl-Dieter Spranger. In addition to the above agreements, Germany donated R7.8 million to finance projects and technical-economic studies on environmental impact, and to improve both cargo and passenger transport services in the Rio de Janeiro-Sao Paulo-Campinas circuit, including access roads to ports located in the region.

Germany To Finance Land Demarcation Programs

PY0804010295 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 7 Apr 95

[FBIS Translated Text] The German Government will finance Indian land demarcation projects and health programs. It will donate $1.5 million to implement basic health projects in Ceara. In addition, through loans to the Brazilian Government, it will provide $12 million for installing basic health units and first-aid posts in remote Ceara communities.

The contract was signed today at the Planning Ministry, through the Foreign Financing Commission.

Another contract was signed for Indian land demarcation in the Amazon region. German Government loans worth 30 million marks, equivalent to approximately 45 million reals, are involved.

The document was signed by German Economic Cooperation Minister Carl-Dieter Spranger, Acting Environment Minister Aspasia Camargo, and Funai [National Indian Foundation] President Dinarte Madeiro.

The German minister will visit the northern Brazilian region over the weekend where he will see Indian land demarcation projects and the master program for tropical forest preservation, which is being financed with funds from the Group of 7, the world's seven richest countries.

Central Bank To Adopt New Dollar Transaction System

PY0704205395 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Apr 95 p B4

[Article by Carlos Franco]

[FBIS Translated Text] Brasilia—Central Bank [BC] President Persio Arida announced yesterday that within a month, the BC will adopt a new system for buying and selling dollars on the financial market: the Exchange Operations Compensation and Liquidation System - Clearing Account. The new system will be more transparent and involves the operation of a clearing house, at which deposits will be made to guarantee operations one day after the transaction and one day before settlement.

The system foresees the possibility of increasing the number of institutions participating in dollar transactions, which are currently settled within two days. Under the new system institutions must deposit the guarantee the day after the operation. Operations will not be validated unless the guarantee is lodged, or if the guarantee—in this case the amount of reals—is insufficient. Currently, the BC only knows if the operation has been guaranteed two days after the transaction. For this reason, the BC chose the system of dealers, who operate on its behalf on the market, and who deal in amounts above $500,000 at each auction.

Credentials: Arida explained that the new system will accommodate a larger number of institutions operating in the auctions. This will end the ceiling of 20 dealers, because dealers will now only need to present their guarantee to participate in an auction. Institutions may join the system but the frequency of their participation and the limit of their guarantees may entail identical credentials for two dealers. If this happens, dealers will lose their credentials if they do not participate.

In an official note to the members of the Senate Economic Affairs Committee—who visited the BC exchange board in Brasilia—the BC explains that the objective of the new system is to "improve operations, seeking to facilitate—from a technological viewpoint—more direct communication links with market agents."

Credit Risk—The note explains that the change will be gradual. It states: "Even if the BC were technologically able to terminate the dealers' role now and start direct operations with the 180 financial institutions that have been authorized to operate on the exchange market, it would still be necessary to carefully evaluate the credit risk resulting from direct relations with those institutions."

Chile

Insulza Announces Full Ties With Cuba

PY0804001095 Madrid EFE in Spanish 2159 GMT 7 Apr 95

[FBIS Translated Text] The Chilean Government today announced the reestablishment of full diplomatic ties

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with Cuba. Chile and Cuba broke diplomatic ties during the coup d'etat headed by General Augusto Pinochet in September 1973.

Chilean Foreign Minister Jose Miguel Insulza reported today that Chile had reestablished diplomatic ties with Cuba through a communique that was simultaneously released in Santiago and Havana.

According to the communique, issued at 1900 GMT, both governments, "inspired by their willingness to develop friendship ties on the basis of equal rights, respect for sovereignty and noninterference in the domestic affairs of other countries, and on other principles encompassed in the UN Charter, have decided to raise the level of the currently existing consular ties by the reestablishment of full diplomatqic ties as of today."

The official communique concluded by announcing the opening of embassies in the capitals of the two respective countries.

According to Insulza, Chile has requested the Cuban Government's approval to appoint the current Chilean general consul in Havana, Patricio Pozo, as its ambassador in Havana.

Diplomatic sources consulted by EFE have stated that the Cuban and Chilean foreign ministers had held contacts during the recent Summit on Social Development held in Copenhagen in March.

Moreover, Cuban Foreign Minister Roberto Robaina held an informal meeting with Chilean President Eduardo Frei.

Robaina visited Santiago in August 1994 in what constituted the second visit of a high-ranking Cuban official to Chile after the visit that Cuban Vice President Carlos Lage paid to Chile in 1993.

In March, Chilean Deputy Foreign Minister Mariano Fernandez also welcomed Cuban Deputy Foreign Minister Fernando Ramirez de Estornoz on the occasion of the summit of the Organization to Ban Nuclear Weapons in Latin America (Opanal), held in Vina del Mar.

The reestablishment of diplomatic ties with Cuba has been a recurrent subject in Chilean politics ever since the last year of the Patricio Aylwin administration.

Alleged U.S. pressures, which have always been denied by Chilean administrations, have always been raised to explain the reason for not maintaining diplomatic ties with Cuba, which only affects two Latin American countries—Chile and Paraguay.

Chile and Cuba broke diplomatic ties in view of the 11 September 1973 coup d'etat, after which numerous Chileans sought refuge with Fidel Castro's regime.

Consular and commercial ties were restored after the holding of the First Ibero-American Summit held in Guadalajara, Mexico, on 19 July 1991, when then Chilean President Patricio Aylwin was assured by Fidel Castro that Cuba would not meddle in Chilean domestic affairs.

In the almost 17 years of General Augusto Pinochet's military regime, the Havana government maintained close ties with the then illegal Communist Party of Chile (PCCh) and also with the "Manuel Rodriguez Patriotic Front" (FPMR), the armed group that separated from the PCCh.

In August 1986, the FPMR disembarked 50 tonnes of weapons off the northern coast of Chile. Some of these weapons, which were seized from U.S. forces in Vietnam, arrived on the Chilean coast aboard Cuban fishing ships.

FPMR Leader Sergio Buschman was responsible for masterminding this operation. Buschmann, who was arrested that same year, escaped from jail in 1987 and reappeared in Cuba, from where he traveled to Nicaragua. He returned to Chile one year ago; he is currently imprisoned in a high-security facility.

Chilean businessmen such as Manuel Feliu, presidential hopeful for the right in 1993; Carlos Cardoen, who in the 1980's sold cluster bombs to the Iraqi Air Force; and Max Marambio, former security chief of ousted Socialist President Salvador Allende, have important investments in Cuba.

The Chilean-Cuban commerical balance totals $15 million. Of this figure, Chilean exports to Cuba account for $14.8 million.

The Chilean Central Bank recently granted a $10 million credit to the Central Bank of Cuba to acquire food.

Foreign Minister on 'Best Moment' To Resume Cuba Ties

PY0804012695 Madrid EFE in Spanish 2337 GMT 7 Apr 95

[FBIS Translated Text] Santiago, 7 Apr (EFE)—Chilean Foreign Minister Jose Miguel Insulza stated today, 7 April, that this was the best moment for Chile to resume ambassadorial-level diplomatic relations with Cuba, given the fact that the matter is not included in the country's internal political debate.

Insulza explained that this decision represents the conclusion of a process that began in July 1991, when, after the First Ibero-American Summit held in Guadalajara (Mexico), then President Patricio Aylwin and Fidel Castro agreed to resume at consular and commercial levels the ties severed in 1973.

With regard to the Chilean concern on human rights and a democratic opening in Cuba, the foreign minister said that "a situation of normalcy has always been more favorable for the development of democracy, for reinclusion of Cuba in the Latin American system, and for strengthening political development in that area."

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Insulza admitted that the Chilean Government has intervened before the Cuban Government to achieve the release of some political prisoners, and added that "we will continue doing so, but that is handled with much discretion."

Regarding a possible visit by Cuban leader Fidel Castro to Chile, Insulza said that it has not been considered, but added that Castro might travel to Santiago in October 1996 to attend the Ibero-American summit.

He reported that Chile has asked Cuba to agree to the designation of current Chilean Consul to Havana Patricio Pozo as ambassador and noted that he is not aware of the name of the Cuban diplomat who will be accredited as head of the Cuban mission in Santiago.

Insulza said Chilean President Eduardo Frei has not had personal or telephone contact with Fidel Castro recently and added that before granting this news conference, he phoned his Cuban counterpart Roberto Robaina, who was to simultaneously release a communique in Havana.

Insulza said that the Cuban issue has nothing to do with the United States because these are completely different bilateral issues.

He acknowledged that contacts between Chilean and Cuban officials had been intensified at the recent World Summit for Social Development held in Copenhagen (Denmark) to reach the decision that was announced today.

He denied that this decision to resume full ties with Cuba has been delayed by the ruling alliance "Coalition of Parties for Democracy," and recalled that only a year has passed since Eduardo Frei assumed the presidency on 11 March 1994.

Insulza said that the Chilean stance on the human rights situation in Cuba "is well known, and our votes have been the result of a concern over that situation, but human rights have nothing to do with the existence of diplomatic relations among states; rather, given the latter, relations with several countries should be reviewed."

Savings Rate, Bank Deficit Described

95SM0261C Santiago EL MERCURIO in Spanish 10 Mar 95 pp A1, A16

[FBIS Translated Text] National savings rose to the record level of 25.8 percent of GDP [gross domestic product], Finance Minister Eduardo Aninat reported yesterday.

The cabinet minister maintained that foreign investors are reassured by the macroeconomic numbers that the country is posting.

Meanwhile, public-sector savings came to 4.9 percent of the GDP, and the Copper Fund grew by 0.2 percent.

According to several analysts consulted, however, the trend in public-sector savings, including the Copper Fund, has been downward since 1989, when they hit 6.7 percent of GDP.

Moreover, these specialists explained, we must not forget the losses of the Central Bank, which strictly speaking ought to be figured into the government's efforts at savings.

Accordingly, in 1989, 1990, and 1991 the Central Bank posted a fiscal-year surplus of 0.24, 0.12, and 0.07 percent of the GDP, respectively.

Afterwards, however, it has posted losses of 0.22 percent of the GDP in 1992, 0.02 percent in 1993, and as high as 2.91 percent in 1994. The Central Bank's losses last year were due mainly to its monetary adjustments.

These are not insignificant results, they explained, inasmuch as the Central Bank deficit should, strictly speaking, be offset by the overall surplus generated by the government. In 1994, however, this surplus stood at just 1.7 percent of GDP. Therefore, there is a major deficit in revenue savings, and such savings must occur this year by taking advantage of the leeway provided by the high projected price of copper in 1995.

In spite of this situation, our national savings rate is one of the highest in Latin America, with our country clearly ahead of our neighbors.

Aninat also emphasized private savings, in which the trend has also been positive, reaching 21 percent of total savings, compared to 17 percent in 1989.

In view of the above and in light of the finance minister's optimistic statements of recent days about the crisis in international financial markets, he asserted that the country has a stronger savings position (private, public, and external) "than ever before in its history, one that is significantly better, absolutely and relatively, than other countries that are today facing some major financial problems."

The finance minister rejected the idea of taking specific steps to cope with the current situation.

He did, however, acknowledge that there are specific problems, indicating that the current difficulties should not cloud our judgment, in spite of the commotion and turbulence on international financial markets, especially as a result of the decline in the dollar and the major world stock exchanges, "and some of this has certainly affected us here through the ADR's [Democratic Revolutionary Alliance]."

Aninat stressed that Chile is in good macroeconomic shape and posting solid growth, to which we can add our savings figures, which provide true strength for sustained growth in 1995.

He reiterated that the economic authorities are confident that the external turmoil will be temporary and affect

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only part of our national economy "and that our domestic strength will enable us to move forward at a much faster pace than even in 1994."

No Measures To Be Taken

Minister Aninat ruled out special measures in response to the request from the president of the Santiago Stock Exchange, Pablo Yrarrazaval, who called on the ministry to be more active in making economic decisions.

In reply, the cabinet minister said that the economic authorities are also looking into ways to improve legislation. "The president of the Stock Exchange has had an invitation since last November to sit on a mixed commission in the Finance Ministry that includes public and private officials, and he is well aware of the progress that is being made. Therefore, I think there could be some new developments soon."

Aninat indicated, however, that the economic authorities would not, "with a capital N," take action in response to temporary circumstances.

"Those who have gone into this know what they are involved in and have profited in the past two years. I respectfully appreciate the constructive sense of his remarks, but I would remind him that the economic authorities look at long-range signals."

National Renewal (RN) Endorses Aninat's Call

The president of National Renewal, Andres Allamand, asserted that his party endorses the administration's call for a national response to the worrisome circumstances that are besetting the world economy and that could have serious consequences for our country.

He emphasized that RN agrees with the administration that efforts must be made to consolidate the country's image of economic stability. Nonetheless, he said that to this end it was important to put a quick end to the debate on the subordinated debt, to hone the "fundamental law" now before the Senate, and to have the debtor banks lend their cooperation to this end."

In any event, he deplored the "very unfortunate and unwise" remarks by the president of the Central Bank, "who in threatening judicial action against the two main banks in the marketplace is sending exactly the wrong signal overseas."

Lastly, Allamand contended that the administration should review the treatment of the labor reforms now before Congress, which the business community regards as a step backwards, and should endorse RN's proposal to set up working groups to hammer out framework agreements, like the education pact, in various spheres of national life.

Subordinated Debt Conflict Analyzed

95SM0261B Santiago EL MERCURIO in Spanish
7 Mar 95 p A3

[Editorial: "Worsening of a Disagreement"]

[FBIS Translated Text] The passage of time has not given rise to ways of dealing with the issues of authorizing new businesses for the banks and the payment of the subordinated debt. Rather, the disagreement over them seems to be dragging on endlessly. The opposition turned to the Constitutional Court and obtained a ruling that declared unconstitutional the recently enacted law prohibiting the capitalization of dividends in banks subject to the obligation in question. The administration expressed a willingness to abide by the ruling, but instead of doing so the obvious way, by issuing a decree repealing the one that enacted the law, it insisted on sending a repeal bill to Congress, thus inevitably creating a new source of conflict. An unconstitutional law obviously lacks the force of law and does not need to be repealed.

Moreover, the executive branch was responsible for promulgating the law, and doing so after the appeal to have it declared unconstitutional was submitted to the court. The president had not been notified of its submission, but the deadline had not yet expired, and the challenge had been publicly announced. In short, we do not understand why the administration transferred to Congress the responsibility for correcting a problem in which it was not involved and the solution to which is available to the president.

Moreover, to submit a bill of repeal implies a recognition of the legal validity of the law that the court has declared unconstitutional and, therefore, entails a disregard of the court's ruling and authority. In short, the new bill is subject to the uncertainty of being passed or defeated by Congress, and this too implies admitting the possibility that a congressional majority will disregard the ruling, all of which not only violates the letter of the Constitution but questions the very purpose of having a Constitutional Court.

In view of the above, opposition deputies have submitted a demand to the court to have the decree enacting Law 19,369 declared unconstitutional. Concurrently, and as another element in the worsening conflict, the coalition is announcing a petition to disqualify the opposition congressmen who own Series B shares in banks with subordinated debt. If from the beginning, under the previous administration, the banking authority took a confrontational approach to the issue of the subordinated debt, then the current administration has done what it had to to extend the confrontation from the technical to the political arena, and those who find such confrontation to be the most appropriate setting for their public actions have taken full advantage of it.

The opposite strategy would have been to give the debtor banks (as well as the ones not in debt, which have become innocent victims of the conflict) greater flexibility and leeway in their operations so that they could undertake new businesses. Had this strategy been adopted, they probably would have generated more surpluses and made larger payments on the subordinated

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debt. What is more, though, options for early payment may have arisen even for the most heavily indebted banks. A positive, nonconfrontational approach would have enabled both the administration and the Central Bank, on the one hand, and the commercial banks, on the other, to have come out better off. But they played a "zero sum game" in which what the Central Bank won came at the expense of the debt-ridden institutions. In the final accounting, the bottom line has been negative.

The administration, the Central Bank, and the commercial banks, and along with them the country's economy, have wasted five years of opportunities for developing our financial market. And all of the above have been marked by a climate of undesirable political confrontation that is bringing back some of the worst habits of our national coexistence prior to 1973.

New Mine Opens With Private Investment

95SM0261D Santiago LA NACION in Spanish 10 Mar 95 p 19

[FBIS Translated Text] Copiapo—The Candelaria copper mine opened yesterday in the town of Tierra Amarilla, Third Region. The total investments in it will come to $1.5 billion, $560 million of which have already been made.

The ceremony was attended by Vice President Carlos Figueroa, Minister of Mining Benjamin Teplizky, Finance Minister Eduardo Aninat, and the vice president of Corfo [Production Development Corporation], Felipe Sandoval, among other figures.

The new deposit is located 20 kilometers from Copiapo and is regarded as one of the five largest private-investment projects in the country.

Candelaria is the second open-cast mine that the U.S. consortium Phelps Dodge (which owns 80 percent) and the Japanese firm Sumitomo are operating in the north.

Commenting on the size of the investment in this project, Figueroa asserted that the important thing right now is to place this investment "in a worldwide context, inasmuch as a country with these kinds of numbers creates confidence overseas, with a degree of social and economic stability that foreign investors particularly appreciate."

Before the ceremony the finance minister said that there is no capital flight from Chile and that the country's economic indicators are good, with inflation standing at 8.5 percent a year, and "foreign investors are aware of this and continue to have confidence in the country."

The mining minister, for his part, emphasized that in 1994 copper production hit 2.23 million tons of fine copper, coming in equal amounts from the state and private sector.

Teplizky also announced that copper production is expected to be around 3.8 million tons by the end of the century, most of it from private firms.

In his judgment, the efforts of workers, technicians, professionals, and executives have created a modern, efficient, low-cost mine at Candelaria "that will put out 120,000 tons of fine copper a year, the concentrate of which will contain 2,400 kilograms of gold and 30 tons of silver, which shows how rich the zone is."

The executives of the U.S. firm indicated that Candelaria would contribute more than $65 million to the Chilean economy during its first year of operations just as the result of purchases of goods and services from domestic companies.

During the first stage this mining complex will provide jobs for 650 persons, and most of its output will go to the Japanese and U.S. markets.

The Candelaria mine is also expected to attract many services into the area and to pave the way for other production activities.

It was reported that the estimated reserves of the new mine, which has already sent three shipments abroad, are 360 million tons, with an average copper concentration of 1.09 percent. Its useful life is estimated at 34 years.

It was also emphasized that this is the first time that an American and a Japanese firm have pooled their capital to develop a copper deposit. This is due to the high prices that metals currently command; prices that have enabled the industrialized countries to revive their economies.

Colombia

President: Government Closing in on Cali Cartel

PA1004013995 Madrid EFE in Spanish 1406 GMT 9 Apr 95

[FBIS Translated Text] Santa Fe de Bogota, 9 Apr (EFE)—Colombian President Ernesto Samper has asserted that his government is closing in on the "Cali Cartel," the most important drug trafficking organization on the American continent. "We are surrounding them," the Colombian president said in an interview published today, Sunday, by the Bogota daily EL ESPECTADOR. He added that he will continue this struggle "with determination and by conviction" and not because the United States has been pressuring on the issue.

Among other "accomplishments" of his government, Samper cited the recent dismantling of the "Cali Cartel's" financial network in Santa Fe de Bogota and the arrest a month ago of Jorge Rodriguez Orejuela, the younger brother of Gilberto and Miguel, the chieftains of this organization. He also mentioned his government's drastic measures to stop drug traffickers from continuing to use San Andres Island in the Caribbean as a strategic point for launching drugs to North America and the government's announcement of a $5.5 million reward

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for those who help further the arrest or provide information on the "Cali Cartel" chieftains. Other "accomplishments" in the fight against drugs cited by Samper are the seizure of aircraft, the eradication of coca leaves and poppy crops, and countless raids on the cartel's properties in the past few months.

All those actions, the president added, "show that, with the cooperation of several international agencies, the Colombian authorities are assailing the 'Cali Cartel' with force. We will continue to do so until we manage to arrest the capos and dismantle their organization." "No government in Colombia's history can show in its first eight months the results obtained by this one in its struggle against drug trafficking. We will continue to further this struggle decisively, by conviction and not by coercion. At the same time, we will demand greater international commitment, which is indispensable in this struggle," Samper stated. The Colombian president insisted that Colombia expects greater international decisiveness in the struggle against the drug use in developed countries, their control of the sale of precursor chemicals needed to refine drugs, and punishment of drug traffickers for money "laundering" activities.

On another issue, Samper announced that he had instructed Colombian security organizations to guarantee the protection of reporters in Cali, who have received death threats for reporting on government actions against the drug traffickers. "We will not allow, under any circumstances, that any journalist in the city of Cali or in Colombia in general, feel obliged to stop reporting openly," Samper promised. At least four television reporters have left Cali, a city in southwestern Colombia, in the past few days after receiving death threats in retaliation for having broadcast information on the searches of residences and business controlled by the cartel chieftains.

May Take Legal Action Against Newspaper

PA0604005795 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1500 GMT 5 Apr 95

[FBIS Translated Text] Santa Fe de Bogota—Government Minister Horacio Serpa Uribe said today the executive branch is reviewing the possibility of taking legal actions against the Pastrana family newspaper because of its slanderous attitude against the president of the Republic and the country, but he said that after the forceful communique issued by the ministers, the nation is recovering its calm. That was a beneficial document, which allowed the public opinion to learn many things and react in the defense of our institutions, the minister said. He said now the government will be able to work with more peace and calm.

He said the president's intention is to avoid controversies and endless disputes that obstruct the actions of the government, the main purpose of which is to bring order to the country. As President Ernesto Samper said, we must put an end to hatred and give a citizens coexistence a second chance, Serpa Uribe said in an interview with reporters from "Caracol's 0600 to 0900 Newscast."

Armed Forces Chief on Modernization Plan

95CA0172A Santa Fe de Bogota EL ESPECTADOR in Spanish 29 Mar 95 p 9A

[Interview with Armed Forces commander General Hernando Camilo Zuniga by staff writer Nelson Freddy Padilla C., in Santa Fe de Bogota; date not given]

[FBIS Translated Text] The commander-in-chief of the Armed Forces, General Hernando Camilo Zuniga, thinks that if the Army, Navy, and Air Force fail to undertake quality control of their work on all levels, including that of human rights, they will not be prepared for the 21st century.

For this reason, he has devised a modernization macroproject, to go into effect this year and be completed in the year 2010, with the armed forces no longer "bound to old-fashioned ways," but rather professional and able to justify their existence in a country without guerrillas. With an instructional handbook, he intends to tour all the country's garrisons, to change the visage of the institutions for which he is responsible.

[Padilla] What is the nature of this "error-free" philosophy of yours?

[Zuniga] It is the beginning of a modernization that I will not attempt to complete in a year. It is a process that we are just starting, aimed at enabling the armed forces to respond to the changes, demands, and requirements of the country in a coordinated manner. This is how I envision the armed forces in the future: achieving a high degree of professionalism and technological proficiency, and becoming more involved in the activity of the community and the administration of the state. Before being prepared for attack, they must be ready to come up with an effective deterrent. We must respond effectively to any aggression, without having to be surrounded by a number of weapons at the outset. Rather, we must create a process beginning with the restructuring of our organizations—and including mental restructuring, to update the prevailing notions.

[Padilla] On which subjects?

[Zuniga] For example, on our need to become aware that we are a business, the largest and most important business that the country possesses, controlling a number of men and women, both military and civilian, who are directed to produce and guarantee security for our clients, the citizens. There must be a change in the academic training programs for officers and noncommissioned officers, and a reinforcement of intelligence.

[Padilla] What results are you seeking?

[Zuniga] The goals are set to accrue successful results in conducting operations, based on adequate, meticulous

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planning, and constant evaluations of how the mission is being accomplished. The enemy's capacity must be reduced, so that the conditions for surprise action will never shock us; rather, there will always be a timely reaction.

[Padilla] How can intelligence be improved?

[Zuniga] To bolster the intelligence capacity, it is not only a matter of increasing the number of personnel, but also of enhancing their capacity and training. We must improve and adjust the channels of communication on the various internal levels, and among the country's different intelligence organizations. President Samper must have an agency very close to him, to furnish him with high quality intelligence information. This should not entail eliminating agencies, but rather making them work jointly to submit material already screened to the chief of state, therefore, the coverage will be expanded through the organization of more units, and of a center that will consolidate all the work.

[Padilla] What kind of center will that be?

[Zuniga] This has not yet been determined, but it could quite readily be on the level of the presidential defense and security adviser, and a group of analysts could be formed around the latter. In this instance, there is a need for technical intelligence, involving the purchase of sophisticated equipment to enable and assist personnel in obtaining information without running so many risks, and more effectively. For example, it could be used for sound penetrations, when you set up an antenna aimed at a certain site and monitor whatever there is there, and what is being said inside.

For the present, we shall continue operating with an intelligence brigade (the 20th, with headquarters in Bogota), but new battalions will be formed around it. The initial target is for at least one intelligence battalion to be operating per brigade. We have 17 brigades now, because there is one per division (in Santa Marta, Bucaramanga, Cali, and Villavicencio).

[Padilla] And who will control them?

[Zuniga] In fact, it will be necessary, concurrently, to increase our counterintelligence: that is, the units that prevent the enemy from penetrating us and obtaining confidential information.

[Padilla] How will you gauge the quality?

[Zuniga] Quality is not merely a hoax, or something that has become fashionable in the business sector. Models must be applied, so as to do things well from the start, and to make a constant review of our performance. A search incorporates a procedure involving operational and legal aspects. So, there must first be legal backing, and the action must be taken by suitable personnel not prone to making mistakes, who do their jobs within the legal framework.

To exercise such quality control, I have this program calling for us to be vigilant, beginning with personnel selection and training.

[Padilla] Will the manpower be increased?

[Zuniga] Apart from the Unified Command in Puerto Inirida (on the Venezuelan border), this year we shall have no further growth, although there is another project in view: the creation of the Army air force.

The Air Force will not be affected, because it would continue to have the strategic mission on the national sovereignty level, as well as troop transport, which is vital. The Army air force would have the operational part, with new helicopters, which are being acquired to lend real mobility to the counterguerrilla brigades.

[Padilla] Will that mental renewal prepare them for peace?

[Zuniga] Our objective is peace, but the fact that my objective is peace doesn't mean that I would not wage war. To arrive at peace safely, I must wage war, because it is my mission. When there is no reason to wage war, our procedures will be different.

Mutual Respect, and Respect for Citizens

Humanistic training is the basis for the project planned by General Zuniga: "Our image has never been totally lost, but we must show a better institutional face, beginning with human rights. We must open offices not only to investigate violations, as has been done throughout the country, but also to educate our personnel in the observance of, and respect for individual liberties.

"This must begin within the armed forces, in the ranks, because the respect that is maintained and practiced by each one in uniform will be the same that he will give to the citizens. If there is this decent treatment, it will improve our image.

"Within this context, we already have initiated an amendment of the Military Penal Code, which unquestionably will enable us to perform better. Besides, we are updating the regulations for the disciplinary system, and those for evaluation and classification in the armed forces. By so doing, we shall maximize the internal controls.

"The Code must be geared to the new Political Constitution. Not only will new types of crime be taken into account, but the way in which the Code operates will be aligned with the current ordinary penal procedures.

"In the area of regulations, the year before last the Constitutional Court declared that severe arrest, which we used to have as an internal disciplinary punishment, could be imposed and ordered only through ordinary legal proceedings.

"That penalty will be replaced by another, according to our findings in a committee that I had the honor of

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chairing. Nevertheless, we are waiting for the Congress to give President Samper extra powers enabling him to begin legislating on the subject."

Army Chief on Insurgents' Use of Mines

95CA0175A Santa Fe de Bogota CAMBIO 16 in Spanish 3 Apr 95 pp 18, 20

[Interview with Army Commander in Chief General Harold Bedoya; date and place not given—first paragraph is CAMBIO 16 introduction]

[FBIS Translated Text] The commander-in-chief of the Army, General Harold Bedoya, analyzes the significance of the discovery of the guerrillas' major arms manufacturing center.

General Harold Bedoya, the National Army's commander-in-chief, is pessimistic about the current peace process. Nevertheless, he points out that his opinion is, preeminently, "realistic." He claims that the factory producing bombs and "leg-breaker" mines discovered last week in southern Bolivar proves that the FARC [Revolutionary Armed Forces of Colombia] and the ELN [Army of National Liberation] are preparing to kill peasants and mutilate children while talking about dialogue.

[CAMBIO 16] What is the magnitude of the guerrillas' military industry?

[Bedoya] This week, the guerrillas' largest center for weapons manufacture recorded in the nation's history was discovered in southern Bolivar. It was the most important site of the ELN's strategic rear guard.

[CAMBIO 16] What type of weapons were they manufacturing there?

[Bedoya] Not sophisticated, but very damaging: "leg-breaker" mines, bombs, and mortars. They are even making armor. Last year, armor-plated trucks intended to be taken into towns were found. Ten days ago, we caught armored boats on the river adjoining Caribona. Furthermore, AK-47 weapons arriving from Nicaragua, El Salvador, and the United States are reaching them there.

[CAMBIO 16] Why did they choose that area for building up weapons?

[Bedoya] That site is a strategic heartland, a desolate place with difficult access. It is a kind of star in the midst of Cesar, Santander, Norte de Santander, Magdalena, Sucre, and Antioquia.

[CAMBIO 16] How many mines had they manufactured?

[Bedoya] Approximately 1,500 were ready when we arrived, but their production capacity could be triple that number. They had hundreds of mines scattered around the site.

[CAMBIO 16] Have you detected arms factories of other groups, such as the FARC?

[Bedoya] This factory was a joint one, making what those in the Coordinating Group call "joint weapons," belonging to the FARC and the ELN. For them, 1995 is a key year.

[CAMBIO 16] In what sense?

[Bedoya] They apparently are trying to carry out a major offensive with bombs, and to mount a heavy attack, causing great upheaval, as occurred in Nicaragua and El Salvador. That is why they made strikes in Cararabo and Ituango. With this discovery, their terrorist plan has been somewhat curtailed.

[CAMBIO 16] After finding this large weapons factory, do you believe in the guerrillas' will for peace?

[Bedoya] I don't know that blowing off the feet of peasants is a will for peace. It is a contradiction of peace. What we found them with was a large-scale production center. This is an attack against the people. Most of the victims are children.

[CAMBIO 16] Does the factory's large size indicate an attempt to intensify the conflict?

[Bedoya] They had these weapons to intensify the conflict against the people themselves, against innocent people. Most of them are children and peasants.

[CAMBIO 16] So, in your view, the future of the announced peace process is unclear.

[Bedoya] What I see clearly is that these criminals are interested in continuing to violate the Geneva Protocol and the human rights that they are requesting and demanding so insistently.

[CAMBIO 16] If the opportunity should arise, would you sit down at a table to discuss pacification with Father Perez, for example?

[Bedoya] We in the military are not deliberators.

[CAMBIO 16] In other countries, the military have been invited to take part in peace processes. Would you give advice on the process?

[Bedoya] We have been advising the government. We aren't seated at the conference tables but, whenever these dialogues are held, we are advising.

[CAMBIO 16] And what kind of advice have you given the government in this latest process?

[Bedoya] Well, at the present time, none; because it has not actually begun.

[CAMBIO 16] According to the peace council member, Holmes Trujillo, progress has been made in the preliminary phase toward a possible dialogue.

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[Bedoya] No, there has been no progress. I don't believe there will be any. We are waiting for the government's desires to be met.

[CAMBIO 16] Are you pessimistic?

[Bedoya] No, I am realistic. Let's hope that things will turn out well. I look at the reality of the guerrillas, who are preparing explosives to destroy the country, such as those discovered last week.

[CAMBIO 16] How many members of the military have been victims of "leg-breaker" mines?

[Bedoya] We have already exceeded 100. I think that they do a lot of preaching about that business of Protocol II and human rights, but never practice it.

[CAMBIO 16] And what do you say about the human rights violations on the part of members of the Armed Forces?

[Bedoya] If a member of the military commits a crime, we are the ones most concerned about his being punished.

[CAMBIO 16] This week, there was a report of the case of a Dutch nun who was said to have been murdered by members of the Armed Forces. What do you know about that?

[Bedoya] Let's wait for the justice system to say what happened, and whether anything was done improperly.

[CAMBIO 16] The Constitutional Court made a pronouncement to the effect that the military should be judged by retired members of the military.

[Bedoya] Anything said on that subject is not the last word. I don't yet know the text of the Constitutional Court's verdict. I imagine that there will be a verdict dispelling all doubts about the constitutional jurisdiction of the military.

[CAMBIO 16] They have brought up the point that the jurisdiction has lent itself to complicity and impunity in cases of human rights violations.

[Bedoya] I believe in all the Colombians, who were the ones who made the National Constitution. I believe that the 37 million Colombians wrote the articles of the Constitution, and one of them is number 221, which established the jurisdiction.

[CAMBIO 16] A constitutional amendment could be made.

[Bedoya] If there is a constitutional amendment, we would abide by it as well.

[CAMBIO 16] Doesn't the fact that the military structure revolves around subordination and obedience, and that it is the military who judge the military, entail the risk of a manipulated justice system?

[Bedoya] I'm not the appropriate person to criticize the code that we are applying. In fact, what we are doing is revising the code, because there are things that should be changed or revised by the commission, which has begun its deliberations.

Domingo Lain Financial Activities Detailed

95CA0174A Santa Fe de Bogota EL TIEMPO in Spanish 2 Apr 95 p 24A

[Article by staff writer Clara Elvira Ospina]

[FBIS Translated Text]—The real power of the Domingo Lain Front of the ELN [Army of National Liberation] does not lie in its 250 men armed with rifles. Its true power rests in the 10 billion pesos of fixed assets that it holds in cooperatives and warehouses, in its 1,500 hectares of land, in at least 1,000 head of livestock, and in the nearly 200 million pesos accrued monthly from its coca crop production.

That is not all. Included among its holdings are at least some 30 vehicles and six bank accounts in the names of front persons, in which an average of 500 million pesos is turned over monthly.

The Domingo Lain Front, created 15 years ago in honor of the Spanish priest of the same name killed by the Army years earlier, has, historically, been the leader for kidnappings and extortions in the entire subversive organization.

And—although it was always known to be the wealthiest in the ELN—not until now has a military intelligence document in the government's possession revealed the front's financial activities.

The judicial authorities are currently preparing to initiate the juridical war against these investments.

The document, made available to EL TIEMPO, describes in detail each one of the ostensibly legal investments in which the Domingo Lain Front has managed to introduce capital.

The front's financial management is so structured that the three persons in charge of its accounts are economists or administrators of business firms.

However, the money is not located in Arauca alone. A deal for the purchase of a 300-hectare farm in Arauca, the details of which were learned by military intelligence, made it possible to ascertain that the guerrillas are paying for some of their purchases with other properties in Bucaramanga and other cities in the country's northeastern section.

The money invested by the guerrillas is procured from kidnappings and extortions committed against officials of the petroleum multinationals and transportation firms, as well as livestock raisers and farmers in the region.

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Cooperative Project

The Domingo Lain Front's principal investments are represented in the capital of certain cooperatives in the department.

The ELN began investing in one of them (the name of which has been kept confidential for legal reasons) in 1980. Its first contribution was three million pesos. Today, it is estimated that the cooperative's capital amounts to nearly 1.5 billion pesos, and that its principal partners are the Domingo Lain guerrillas.

This cooperative has its own headquarters, office equipment, vehicles, and warehouse.

It also has affiliated cooperatives in other Arauca municipalities, whose profits are reinvested.

According to the report made available to EL TIEMPO, the meetings of these cooperatives are attended by three representatives of the Domingo Lain Front, to whom they submit the balance sheet reports every three months, as well as the annual statement. According to the official information, it is these three guerrillas who authorize the reinvestment of the money.

These guerrillas are: the front's third commander, known as "Pablo"; a man known as "Nacho"; and "Mario," representing the ELN's National Directorate.

A meat-marketing firm, also with ELN capital, is in charge of selling, in Saravena, all the livestock that the guerrillas steal in the department. When it opened three years ago, it had capital totaling 50 million pesos; now, that sum has tripled.

According to the intelligence report, the Domingo Lain Front has at least three agricultural-livestock warehouses and hardware establishments, a soda fountain, a hotel, and a discotheque.

A leading marketing firm for agricultural products in Tame was established with ELN money several years ago. It began with five million pesos, and now has capital estimated at 170 million.

Although, in recent years, there has been a change in its registered owners, the intelligence reports indicate that all the capital belongs to the Domingo Lain Front, and that the responsibility for managing the company has been given to "Sandino." He is a ringleader in the Martha Elena Baron Commission, which is also part of the front.

A bar and a discotheque, as well as a soda fountain, operating in Tame, were set up with ELN money as well. In fact, the bar operates on land donated by the government several years ago to the victims of a natural disaster. All the net funds produced monthly in these two establishments are turned over to two of the Domingo Lain finance liaisons. Another warehouse, for veterinary products and hardware, with premises worth nearly 200 million pesos, also has among its assets ELN money produced through extortion and kidnapping.

The account books of these firms are controlled by the front's finance chief, a 34-year old economist known as "Alonso." He travels through the region in a camper, accompanied by several escorts, and never leaves behind either his pistol or his computer.

The other two guerrillas in charge of the Domingo Lain finances are "Boris" and "Pomares." The former is assigned to collect the "war tax" from the multinationals, and to make collections of money from kidnappings and extortion.

"Boris" travels through the area escorted by guerrillas from the Simacota Company mobile team.

"Pomares" is responsible for handling the money from the drug traffic. He controls not only the collection of the gram tax (a fee charged for each gram of coca base produced in the region), but also the sale of the coca from the front's own crops. He has contacts with Venezuelan and Colombian drug traffickers. This guerrilla is lame, because of a wound sustained during the seizure of Betoyes.

The report revealing the guerrillas' economic activities also lists the numbers of the accounts held by the ELN in the Cattlemen's Bank and the Agrarian Bank of Saravena and Tame.

The same report notes that the money accrued from extortion is moved through the accounts, and that turnovers are made to other national accounts of the ELN's Central Command. The authorities will investigate the links of those holding these accounts with ELN activities.

The guerrillas have at least 30 vehicles and 10 motorcycles available in Arauca.

Twelve of these vehicles (Toyota campers and Ford and Chevrolet vans) have Venezuelan plates.

Several vehicles have been received by the front as partial payment in extortions and kidnappings.

One of the vehicles, a Trooper used on one of the ELN farms, was even stolen from a government institution in Tame, and still carries the original official plates. No authority has seized it.

It is, in fact, such official negligence that is beginning to be overcome with this first report, unraveling the Domingo Lain Front's finances. It appears to be the background material for an offensive against these activities in the department of Arauca.

[Box, p 24A]

The Drug Trafficking Business

Although the ELN policy is one of having no connections with drug trafficking activities, official reports indicate

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that the Domingo Lain and five other fronts of the organization have disobeyed the order and are involved in the business.

The report on the Domingo Lain Front's economic activities in Arauca shows that it has coca crops on six farms in the municipalities of Fortul and Tame, owned by auxiliaries of the guerrilla group.

The farms, on which there are coca crops covering 10 or 15 hectares, are located in the villages of Salem, La Primavera, and Matacana, in Fortul; and in Alto Cauca, Bajo Cusay, and Tamacai, in Tame.

According to the report, 385 million pesos—the proceeds from sales of coca base and bazuco—are generated on these six farms.

However, that is not their only drug-trafficking activity. They also collect a gram tax from the peasants who remove the coca base. The collection sites are Puerto Indio, in Tame; Cano Seco, in Fortul; and Brisas del Caranal, in Arauquita.

The rates are already established: 10,000 pesos per kg of bazuco; 50,000 per kg of coca base; and 150,000 per kg of pure cocaine.

Collections are made on Tuesdays, Thursdays, and Sundays, when the peasants remove the drugs to the town.

The responsibility for handling the money produced by the drug traffic is assigned to "Pomares," the third person in charge of the Domingo Lain Front's finances.

[Box, p 24A]

Domingo Lain, a Rather Unsubmissive Front

The tradition of the Domingo Lain Front is not exactly one of submission to ELN policies.

In fact, during the past five years, there has been repeated mention that a division would occur: meaning that the Domingo Lain would be a new group, independent of the ELN.

The first differences with the ELN Central Command [COCE] arose concerning the peace policy. In 1992, when the dialogues began in Caracas, the ELN announced that it would not hold dialogue with the government.

At the time, they stated publicly that it was not the time for dialogue, expressing their opposition to the presence of Francisco Galan, the ELN spokesman, at the dialogue table. They thought that he lacked decisionmaking capacity, and hence could not represent the interests of the entire movement.

The front is not one of the most belligerent ones in the military area, although it has been considered militarist in the extreme, insisting that the solution to the conflict must be an armed one.

According to members of the front, dialogue could not even be considered a prospect. The Domingo Lain Front members claim that the seizure of power can be achieved only with armed struggle.

Nevertheless, the front coordinates major military operations, such as the recent attack on the base at Cararabo. The fact is that the majority of these operations are almost always carried out by guerrillas from the Simacota Company, which is a kind of mobile guerrilla unit devoted to special operations.

Finances

But, although the issue of political position has been the source of conflicts, the main problem between the ELN National Directorate and the Domingo Lain Front is associated with the handling of finances.

Since early 1991, when Manuel Perez, aka "El Cura," decided to restructure the handling of money in the ELN, the front has expressed its disapproval.

What "El Cura" decided was that the fronts would stop their direct use of the money they were receiving in their operational zones and, instead, would turn over all the proceeds to the COCE. The latter, in turn, would be responsible for redistributing it equitably among all the fronts in the country.

In this way, benefits would be received by fronts such as those operating in the southern part of Choco, and in the coffee-producing center, where the economic proceeds from extortion are not very large.

The Domingo Lain Front was the first to protest because, despite being the largest contributor, it had lost its prerogatives.

The crisis was not confined to the Domingo Lain Front alone. Other similarly powerful fronts protested. Furthermore, military sources indicate, during the early months of 1992, the then finance chief of the Armando Cacua Guerrero Front deserted the guerrilla movement with 300 million pesos, the proceeds from an extortion.

The protests and this type of act were so serious for the ELN that its National Directorate decided to hold a financial summit. It took place between 8 and 12 October 1992, in an area of the San Lucas mountain country, in southern Bolivar.

Attending the summit, besides the members of the COCE, were the commanders of the Domingo Lain Saenz, Camilo Torres, Luis Jose Solano Sepulveda, Armando Cacua Guerrero, and Jose Manuel Martinez Quiroz Fronts.

During the meeting, "El Cura" Perez decided to call his men to order, telling them about the importance of unity in the ranks, and reorganized the Domingo Lain command structure. Nevertheless, it would appear that his strategy failed to have much effect, and that the division still continues.

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[Box, p 24A]

Terrorism Converted Them Into Farm Owners

The terrorism spread among Arauca's estate owners has been the principal means whereby the Domingo Lain Front's guerrillas have managed to obtain productive farms that are now the organization's properties.

The obvious evidence of the fact that the front uses this expropriation technique lies in the manner in which the El Peligro farm, located in the village of El Botalon, in the municipality of Tame, was acquired.

According to the report, guerrillas from the Domingo Lain Front murdered its former owners, Ramon Diaz and Carmen de Diaz.

The administration of the estate, with 300 hectares and 300 head of cattle worth over 80 million pesos, as well as considerable amounts of farm machinery, has been assigned to a man known as "Rungas."

It is on this farm that the government camper stolen by the ELN in Tame is located.

The Domingo Lain Front appropriated another estate, located in the village of La Arabia, after killing its owner, Luis Castillo. The administration of the farm is assigned to "Israel" and "Saldarriaga," the chief and a guerrilla of low rank in the Martha Elena Baron Commission, which is part of the front.

This farm has been used as a guerrilla training site, and also as a place for punishing those who betray the organization.

Another farm, situated in the village of Matacana, in Fortul, has been in the ELN's possession since 1970, when it was seized in an invasion.

But they also have proven their economic power. Two farms on 300 and 120 hectares, in Saravena and Fortul, respectively, have been purchased for 120 and 180 million pesos. The price of one of these farms was paid with an apartment in Bucaramanga, premises in Santander, and several head of cattle.

The report states that one of the farms, purchased from a peasant organization, is managed by a council member of a municipality in the region.

The guerrillas are in charge of cacao and sugar-cane crops on these farms.

Another of the Domingo Lain Front's real estate holdings is a building in which a hotel is operated. At first, in 1989, it was planned to construct a community house there, but it is now being used for residences.

The business deals for purchasing properties are always authorized by Nestor Augusto Robles Cermeno, aka "El Chino," identified by the Army as a commander in the Domingo Lain Front.

Proposal on Surrender Policy Criticized

95CA0169A Santa Fe de Bogota SEMANA in Spanish 21 Mar 95 pp 42-43

[FBIS Translated Text] A few hours after holding their press conference, Representatives Carlos Alonso Lucio, Ingrid Betancur, and Guillermo Martinez-Guerra, among others—those better known as The Musketeers—were forced to exchange their swords for umbrellas, the only appropriate tool to ward off the torrent of criticism that rained down on them. Oddly enough, none of the criticism was directed at the heart of their proposal, perhaps because—as is often the case in this country—no one had bothered to read it.

But whether the proposal had been read or not, it was still blasted. "I find it preposterous and almost inconceivable that underworld bosses and lawyers should be the ones who not only make and sponsor laws but also now take it upon themselves to denounce judges," asserted the chief justice of the National Court, Alvaro Luna, in referring not only to the meetings that Lucio and his comrades held with the Rodriguez Orejuela brothers, but also to the criticisms that the group of lawmakers leveled at the workings of the justice system. "The delegation of congressmen lent a spurious origin to the proposal," said Jose Manuel Arias, former justice minister, who also criticized the contact with the drug traffickers. "The proposal is inadmissible and unconstitutional because it creates a specialized court of justice," contended penologist Antonio Jose Cancino. Even harsher was the reaction of the Prosecutor General's Office, which through the deputy prosecutor, Adolfo Salamanca, said that The Musketeers "start with the justice system's lack of credibility and rely on those who are interested precisely in having a solution other than that of the law." This chorus of denunciations was joined by most of the listeners to the radio stations that opened their microphones to the public on Wednesday and Thursday.

One of the few people who defended the idea was columnist Enrique Santos Calderon, who in his "Contraescape" column on Thursday in EL TIEMPO asserted that the proposal from the chamber could break a stalemate in a complicated, explosive situation." The following day, however, the newspaper's editorial disagreed with its columnist's opinion. Referring to The Musketeers' contacts with the drug bosses, it said that "public opinion does not know to what extent such personal contacts could help or hurt the drug traffickers. In our own opinion, it is the former."

The Proposal

Representative Lucio defended himself against criticisms of his personal meeting with the drug bosses, arguing in an interview with SEMANA that "it is one thing for us to go and meet with them and have no problem talking about it; it is another thing when people do so on the sly, for who knows what purpose." But what

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Lucio regrets, more than such criticism—and with some justification—is the fact that those who have spoken out on the proposal have hardly taken a look at it.

The truth is that it contains many things that seem to harden today's policy of surrender. The congressmen are proposing to limit the reduction of sentences in several ways: reductions should not be cumulative, and the reduction for surrendering and confessing should together be one-sixth of the sentence, not like today, when each means a one-sixth reduction, for a total of one-third. In addition, under the proposal confession is an absolute requirement to be eligible for the benefits of the system. This is reminiscent of the first decree of Cesar Gaviria's administration, 2047, which kicked off the policy of surrender and which was unquestionably tougher than anything that came later. Finally, The Musketeers want to establish aggravating circumstances that stiffen the penalties for those who act as the leaders of an association to commit drug-trafficking and related crimes.

The same view (tougher penalties) could be taken of their proposal that the jails in which surrendering felons are held guarantee that they will cease to engage in criminal activity; this goal has repeatedly eluded the government ever since it began its surrender policy.

The two points in the proposal that have aroused the most controversy are the creation of a national tribunal made up of five judges who are above all suspicion and the establishment of an international oversight body both for trials and for prison administration. The congressmen defended the creation of the court by arguing that there is no confidence today in the administration of justice and the international oversight body as a guarantee that the international community (read, the United States) would endorse, not denounce the system.

Climate of Mistrust

Both the court and the international oversight body were considered unconstitutional, and the latter was regarded as a violation of national sovereignty. But beyond these criticisms, the opposition that these two elements (and the initiative as a whole) prompted have to do not so much with legal issues as with the widespread climate of mistrust that has taken hold of public opinion in relation to any proposal that smacks of negotiating the law. The bad memories of La Catedral and of the measures that Prosecutor General Gustavo de Greiff took during the final year of his term have convinced many Colombians that it makes no sense to constantly toughen and ease the laws so that they conform to what the drug traffickers want.

Such suspicions are largely due to the fact that the contact that the congressmen had with the chiefs of the Cali Cartel has been interpreted by the public as consultation about the proposal. And, many feel, if the proposal got the OK from the drug traffickers, it must contain some poison.

This opposition to negotiating the law contrasts with the stand of the Cali Cartel ringleaders, especially Gilberto and Miguel Rodriguez Orejuela. What they find absurd is not that justice is negotiable but that it has ceased to be so just when they would like to surrender. The Rodriguez brothers feel that a just sentence in their case would be around four years, because if it were longer, then it would be stiffer than the sentences handed down to other drug traffickers who, unlike the Rodriguez brothers, have also committed acts of terrorism.

The lines are clearly drawn then. On the one hand, there is a country that is tired of negotiating the law, and on the other, there is a cartel that argues that it has not engaged in terrorism and that it therefore deserves even softer treatment for its chiefs. These troubled waters do not seem to have been calmed much by The Musketeers' proposal.

Money Laundering on San Andres Targeted

95WD0243A Santa Fe de Bogota EL TIEMPO in Spanish 27 Mar 95 p 23A

[Article by special correspondent Clara Elvira Ospina]

[FBIS Translated Text] San Andres—Starting this week, on San Andres, a team of investigators from the official intelligence agencies will begin the first major offensive against the laundering of dollars produced by the drug traffic on the island.

Investigators from the Administrative Department of Security [DAS] will engage in probing the origin of the money with which the principal island properties were purchased. There are suspicions that they were built with "hot" money.

EL TIEMPO ascertained that the investigative work will involve the DAS, the National Customs and Tax Directorate [DIAN], the Finance Ministry, the Prosecutor General's Office, and the Banking Superintendency.

The battle against dollar laundering is one of the five strategies to combat the drug traffic announced this weekend by the San Andres Government during a visit paid by Defense Minister Fernando Botero Zea, DAS director Ramiro Bejarano, and the Armed Forces commanders.

This strategy was one of those which, at the outset, appeared to be most rejected by the population, and even by some sectors of the departmental government. They refuse to admit that the drug traffic has infiltrated the island.

Yesterday, government sources claimed that one of the main reasons for investigating the luxurious properties on the island is the fact that, on San Andres, unlike anywhere else in the country, the ownership of properties is constantly changing and, within a short time, they are being returned to their original owners.

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The source queried remarked: "We have not yet discovered how it is done, but we believe that there are large-scale dollar laundering operations, through the resale of houses and buildings which ultimately, and in less than a year, return to the same owner."

The government's intention in launching this offensive against money laundering on the island is to prevent the drug traffickers from continuing to view San Andres as a paradise for their illicit transactions.

The military and police authorities on the island, as well as the spokesmen for the national security agencies, are certain that the big dollar-laundering business on the island is not being conducted through the banks or the financial corporations, but rather by using construction.

Only Accusations

The hotel sector also has been identified as a source of money laundering.

A police source remarked: "We know that in some hotels they register almost complete occupancy, or 80 percent of the rooms filled. This makes it easier for them later to report profits that they have not accrued, and by so doing to launder large sums of money."

Prominent persons on the island are accused of this type of dollar laundering. They are acknowledged as millionaires who have had luxurious premises constructed, or who are attempting to enter the hotel sector. However, not even preliminary investigations have been opened against them.

One government source commented: "It is precisely this type of thing that we want to combat."

Hence, the order received by the "pool" of official investigators who will arrive on San Andres next week is to investigate the suspects and to confirm rumors. In particular, they have been told to obtain evidence enabling the Prosecutor General's Office, which would assign a special regional prosecutor in Bogota to the case, to formally accuse the suspects of crimes involving illicit amassment of wealth.

The investigations also will be aimed at verifying reports claiming that dollar laundering also is being carried out through commerce.

The issue of money laundering in commerce was, in fact, the subject of a dialogue held Saturday night on San Andres by the defense minister and his party with spokesmen from the National Association of Businessmen [Fenalco].

Sources queried by EL TIEMPO reported that, during the meeting, this disturbing situation was brought up, as was the problem caused for the association by the fact that some commercial establishments operating on San Andres sell their products at cost price, so as to launder money from the drug traffic through this type of transaction.

A source from the National Police remarked: "However, we believe that the laundering is done more through construction and tourism. We have no doubt of that."

[Box, p 23A]

In '96, Coast Guard Station

The suspect vessel was detected four miles from Hoyo Soplador. The first record of its presence was made by the control center on San Andres. It was later picked up by the noncommissioned officer who runs the sonar system on the Corvette Antioquia. The time was 0900 hours.

Three hours later, the seamen on the speedboat Garcia de Toledo boarded the vessel, finding prohibited substances inside it.

Although they followed all the usual steps during the operation: checking information, overflight with a helicopter, and, finally, searching the suspected vessel, this was not a real military operation.

Yesterday's operation, in which seamen from the Coast Guard's Large Unit participated, was merely a demonstration of the Navy's power on Colombia's seas. It was Operation Clearing for Action.

The spectators were members of the government commission, headed by the defense minister, who had traveled to San Andres to announce the government's strategy for the battle against the drug and arms traffic on the island.

And, while the operation was under way, the Navy announced the current status of the plan to create the Coast Guard Station for San Andres.

Admiral Holdang Delgado Villamil, commandant of the Navy, claimed that, according to the Development Plan, by approximately July 1996 the Station's basic infrastructure will be operating. Moreover, by the end of the Samper administration, the Station will be completely equipped, and will also have a dock.

The approximate cost of implementing plans for the Coast Guard Station will be six or seven billion pesos.

The plan also includes the purchase of 250-350-ton cutters, and the installation of seven radar stations (four on San Andres and three on Providencia) to monitor the arrival of vessels.

The Coast Guard corps, which will consist of about 100 seamen specializing in combat, will be responsible for monitoring the territorial waters.

Ecuador

President Appoints Pinto Finance Minister

PA0704235895 Quito Voz de los Andes in Spanish 1700 GMT 7 Apr 95

[From "The Voz Andes Newscast"]

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[FBIS Translated Text] Mauricio Pinto, who will be sworn in as finance minister at noon today, will continue to preside over the National Modernization Council [CONAM], Pinto himself reported. He said that although he will resign his position at CONAM and take office as finance minister, he will continue to coordinate CONAM's actions until his replacement is appointed, as President Sixto Duran-Ballen has requested.

Pinto is the fourth finance minister so far in the present administration. Mario Ribadeneira, Cesar Robalino Gonzaga, and Modesto Correa Sanandres preceded him. The new minister was confirmed by Carlos Larreategui, secretary general of public administration.

Government sources have denied reports that Benjamin Rosales was appointed new CONAM president. The position will reportedly remain vacant for the time being, and beginning today, the finance minister will assist the state modernization process.

Minister on Peace Process, U.S. Envoy's Possible Visit

PA0804234195 Quito Voz de los Andes in Spanish 1230 GMT 8 Apr 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran Foreign Minister Galo Leoro Franco says that the pacification of the Peruvian border is being fulfilled normally under the supervision of the military observers mission.

In impromptu statements at the government palace, the minister noted that Ecuador has not yet formed the diplomatic missions that will travel to friendly countries to explain the country's position on the territorial conflict with Peru and Ecuador's hopes for a sovereign path to the Amazonas River. He underscored that these missions will be national. In other words, they will be formed by representatives from the three branches of state and other organizations.

Leoro Franco also said that Ecuador has told the observers and their coordinator, Brazilian General Candido Vargas de Freire, that it is necessary to begin the demobilization so that trade relations on the border can be restored.

As for an eventual meeting between President Duran-Ballen and U.S. President Bill Clinton, Leoro Franco explained that thus far a meeting has not been planned. He said that dialogue between the two Presidents is a possibility that has not been dismissed as part of the government's diplomatic offensive to spread the territorial message.

Leoro Franco likewise pointed out that another visit by U.S. Ambassador Luigi Einaudi, assistant to the U.S. secretary of state, is a possibility but that no decision has yet been reached.

Referring to the presidential elections in Peru on Sunday, Leoro Franco said that although it is an internal affair, polls show that President Fujimori will be reelected. Therefore, Ecuador must wait until after the elections to see what attitude Fujimori adopts. He also announced that on 9 April elections will be held at Peru's embassies and consulates in Ecuador. The government has instructed the Ecuadoran police to provide the appropriate protection.

Defense Minister on Process of Separation of Forces

PA0704231895 Quito Voz de los Andes in Spanish 1700 GMT 6 Apr 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadorean Defense Minister General Jose Gallardo has said that the separation of Peruvian and Ecuadorean forces in the southeastern border of our country is proceeding very well.

[Begin Gallardo recording] Both countries are cooperating to minimize the work of observers. I can assure you that we are moving firmly toward reestablishing normalcy in relations between Ecuador and Peru, but naturally we also hope to demobilize the forces of both countries along the entire border. This will be good because it will permit us to reactivate trade, as well as all economic activities between the two peoples.

We hope that there is correspondence from Peru to make the lives of residents of Huaquillas, Macara, Zapotillo, Zumba, and all these border areas easier. [end recording]

Minister Gallardo spoke about the hostages Peru and Ecuador may have in their hands.

[Begin Gallardo recording] We do not have hostages. Regrettably, I must say that Peru detained two conscripts who were bathing in an international river. Our detainees are facing trial, but if the parties are able to reach an agreement, we will conduct an operation similar to that conducted with the detainees in the battlefield. You must recall that we exchanged two of our men for seven Peruvians.

We will carry out the same operation to exchange prisoners, so as to allow these people to return to their country. What we are not going to do is to demand that someone who does not wish to return to Peru do so.

We have been informed that Peru has two detainees in Gueppi, Putumayo River. These two conscripts were arrested when bathing in an international river.

We have eight people under our custody, but one of these people was being interrogated and will probably be set free. I must tell you that most Peruvians—a significant number of Peruvians live here—were interrogated and set free immediately. [end recording]

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Regarding the removal of the mines in the border and conflict zone, the minister said the International Red Cross is cooperating in this task.

[Begin recording] [Gallardo] The International Red Cross has offered its assistance, and the procedures will have to be agreed upon by observers and the delegations of Ecuador and Peru.

[Unidentified reporter] When will Base Sur and Tiwinza be turned over to observers.

[Gallardo] You must ask them. [end recording]

These were the statements by Defense Minister Gallardo on the process of separation of forces and peace in the area of conflict between Ecuador and Peru.

Denies Existence of Arms Race With Peru

PA0704231795 Quito Voz de los Andes in Spanish 2300 GMT 6 Apr 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Any inhabitant of the world, particularly of Latin America, who knows how well armed Peru is and who listens to the charges that Ecuador is engaged in an arms race will not believe it, Defense Minister Jose Gallardo Roman has said, indirectly referring to the statements Peruvian Deputy Foreign Minister Eduardo Ponce made that Ecuador is supposedly promoting an arms race. Gallardo pointed out that President Fujimori has accepted and has internationally bragged about the weapons Peru has, which is an attitude that has stirred anxiety and concerns, because the conditions of the two countries with regard to weapons is known. Fujimori has even said that his country is the best armed country in Latin America and that even in the past, it was preparing itself to wage a war on Chile.

Ecuador has weapons to defend itself, weapons that are very economical and that cause the least concern among people, especially because efficient men who clearly understand their duties are handling them, Gallardo explained. He insisted that our country has acquired only what is strictly necessary to preserve its sovereignty, integrity, and respectability. He also said that Ecuador does not need a large amount of weapons, because it has people who earnestly cooperate in the national defense. Thanks to this fact and to the sense of duty soldiers have, Ecuador is a country that has the conditions to be respected.

Questioned on Ecuador's position in the event that Fujimori fails to win the first round of the presidential elections and feels compelled to embark on new confrontations, Gallardo underscored that Ecuador can guarantee its integrity and its honor. He warned that if the decision to attack the country in an all-out war is made, the people of America would unanimously reject this war, and the Ecuadoran people and the Armed Forces will determinedly resist it. Gallardo said he was optimistic this sort of incident will not occur. He added, however, that we will prepare ourselves to fulfill our duties.

Peruvian Embassy Denounces Agents' Presence During Election

PA0904181295 Paris AFP in Spanish 1623 GMT 9 Apr 95

[FBIS Translated Text] Quito, 9 Apr (AFP)—Today, the Peruvian Embassy in Quito denounced the presence of security agents and an Ecuadoran intelligence service cameraman in the vicinity of the Peruvian Embassy while the neighboring country's electoral process was under way.

An influential Peruvian diplomatic source told AFP that from early this morning a cameraman, who identified himself as a member of the Ecuadoran Security Service, has been filming every Peruvian who enters the consulate on the second floor of a building in Quito's modern downtown area, where the ballot boxes have been installed.

The source added the Peruvian Embassy had complained to the National Police over the presence of the cameraman and other suspicious individuals but received no answer.

The same source said the Peruvian elections in Ecuadoran territory are being held normally, without any setbacks and with a considerable voter turnout.

In Ecuador, 1,574 Peruvians registered to vote at consulates in Quito, Guayaquil, Machala, Loja, and Macara, the last three along the Peruvian border.

The elections end at 1500 (2000 GMT)

'Pragmatism' Urged in Negotiations

95SM0266B Quito EL COMERCIO in Spanish 22 Mar 95 pp A-4

[Commentary by Santiago Jervis Simmons: "Historic Opportunity"; received via Internet]

[FBIS Translated Text] Now that a stable ceasefire between the armies of Ecuador and Peru has been agreed upon, hope returns that the two peoples and their governments will settle the border problem definitively, in order to prevent this situation from causing military conflicts with more losses of both lives and economic resources in the future.

The undeclared war, which lasted much longer than expected, has embittered the spirits of the governed and those who govern, on both sides of the border, as is usual in this type of conflict. Violence blinds and confuses minds, to the point of creating a dangerous collective phenomenon of analyzing situations without nuances.

The periods of euphoria experienced in Ecuador during the visits of President Fujimori to Quito and Bahia de

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Caraquez now seem remote, almost fictitious. The cordiality with which the Peruvian chief executive was received was not a mistake, as some now say; it was, instead, the reflection of a sincere desire among Ecuadorans and Peruvians to end their differences as soon as possible, in order to settle the border issue.

However, as another negative fruit of the war, there is an attempt today to ignore the validity of the meetings of that period. While Fujimori childishly affirms that his only purpose was to distract the attention of the Shining Path, in order to more easily attack and destroy it, in Ecuador there has been established a national contest to choose epithets for the Peruvian chief executive, who received the acclamation.

However, this mental and verbal aggression must cease on both sides, immediately and completely. Otherwise, the objective of reaching an agreement between the parties will continue to be unattainable, and physical aggression—that is, war—can break out again at any time.

Parallel with the "disarmament of the consciences," of which a noted Ecuadoran internationalist spoke, it will be necessary to carry out an important intellectual and psychological effort to understand and admit that to close the border issue we must negotiate, and that, to negotiate, both sides have to come to the bargaining table without prior encumbrances.

The "national thesis" on our territorial rights that is being hastily put together these days, in order to "definitively" replace the earlier theses that emerged after the signing of the protocol of Rio de Janeiro in 1942, is inopportune and unlikely to achieve a "sovereign outlet to the Amazon," as has been announced.

If the Amazonian utopian dream continues in these terms, it is very likely that the negotiations over territorial limits will fail before they begin. It is basically up to the current Ecuadoran president, over whom so much incense has been wafted, to reflect pragmatically about the precise extent of our possibilities.

Peru

President Fujimori Urges Citizens To Vote

PA0904142895 Lima Panamericana Television Network in Spanish 1400 GMT 9 Apr 95

[News conference by President Alberto Fujimori, before casting his vote in the presidential election, with unidentified reporters at his residence in Lima—live]

[FBIS Translated Excerpt] [Passage omitted] [Reporter] What would be your message to the citizens, given we are virtually starting the electoral process? What would be your message to urge them to vote?

[Fujimori] As I said, for Peru this is a democratic party. The eyes of the world are on our Peru, which has called so much attention in past years. I believe our friends of all Latin American countries are watching. We will show them how civilized our citizens are, show them their civic attitude....

[Reporter, interrupting] [Words indistinct]

[Fujimori] I am certain that all our compatriots will participate in this election and that the first lines are also being formed. I hope they will all vote before 1500, as the president of the National Election Board has requested. [passage omitted]

Views Election With Perez de Cuellar

PA0904180295 Lima Panamericana Television Network in Spanish 1500 GMT 9 Apr 95

[Simultaneous news conferences by President Alberto Fujimori at the Colegio Los Precursores in Lima and presidential candidate Javier Perez de Cuellar at the Colegio Maria Reyna in Lima with unidentified reporters. Video shows split screen of Fujimori and Perez de Cuellar. When Fujimori speaks, the audio for Perez de Cuellar is muted, and when Perez de Cuellar speaks, the audio for Fujimori is muted—live relays]

[FBIS Translated Text] [Reporter] Commentators had been saying the campaign was a little dull. What can you say in this regard?

[Fujimori] It has been a campaign that lacked the traditional [word indistinct], but I believe we all have had the opportunity and the vast freedom of the press being experienced in the country. All candidates have had the opportunity to explain their positions through the media.

[Perez de Cuellar] We have wanted to have the evidence before filing the charges. That proves the seriousness of my attitude and those of the other opposition candidates.

[Reporter] Mr. Ambassador, we will probably have a second round. Have you thought about possible alliances in that instance?

[Perez de Cuellar] Not yet. There is a saying: Do not cross the bridge before you reach it. We are just now reaching the bridge. When the time comes, I will talk with those wishing to offer me their support spontaneously.

[Reporter) Thank you, Mr. Ambassador, thank you.

[Fujimori] I am taking advantage of this opportunity and the presence of Peruvian journalists to congratulate the people for their massive participation in these elections. The Peruvian people are demonstrating once again that they are fulfilling their duty. The eyes of the world are placed on Peru. Four elections have taken place in Peru in less than two years. All citizens participated in these elections, which have been conducted with complete

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honesty and with a massive participation. We hope there is an even greater turnout this time.

[Reporter] Mr. President, don't you think the possibility of an electoral fraud could tarnish these elections? [crowd boos]

[Fujimori] The people have answered you. The best guarantors of the honesty of these elections are the people themselves, the voting table members, and representatives throughout the nation. As in other elections held in Peru, not only under my government, this honesty is guaranteed by the citizens and the National Election Board [JNE], which is totally independent.

[Perez de Cuellar] I hope that voting table representatives are respected and that the process is conducted according to the law.

[Reporter] [Words indistinct]

[Perez de Cuellar] This is evidently so, but that is too late. The process has begun and will not be stopped.

[Reporter] Dr. Perez de Cuellar, we are now live with Panamericana Television Network for Peru and Latin America. What message do you have for the people after having cast your vote?

[Perez de Cuellar] I have fulfilled my civic, patriotic duty, because we have to go to the polls; we have to vote positively. We should not abstain. I am asking my fellow countrymen not to abstain. I urge them to vote for whom they like, because this is the only way to have a truly representative government.

[Reporter] How have you viewed the election up to now?

[Perez de Cuellar] I believe it is going well. You are cheering everyone up with your microphones. I like to talk to you, because you are the ones who reflect the thoughts of the candidates through the media.

[Reporter] Your supporters are outside the Maria Reyna School.

[Perez de Cuellar] Yes. Hundreds of journalists are here as well.

[Fujimori, in progress] ...in a normal manner in all areas of Lima.

[Reporter] [Words indistinct]

[Fujimori] These elections are being held with the responsibility that has always characterized the Peruvian people. I believe this is an important point we must keep in mind. The Peruvian people are showing the world once again that we are establishing a democracy here. It may have certain peculiarities, but it is an authentic democracy in which all citizens have complete freedom, especially on this election day.

[Reporter] [Words indistinct]

[Fujimori] I cannot make political comments until the elections are over.

[Reporter] I have an interesting question. What would be your first government action in case you are elected?

[Fujimori] We cannot take spectacular measures. We must simply continue with all the things we have been doing with a greater speed, if possible. I believe Peru deserves it.

[Reporter] Were the events in Huancayo, excuse me Huanuco, isolated incidents?

[Fujimori] This is what the Prosecutor General's Office as well as the JNE have demonstrated. This has been guaranteed by the presence of the OAS observers.

[Reporter] [Words indistinct]

[Fujimori] Absolutely not. We have observers from all countries, and a police incident cannot tarnish the honesty of the elections. Thank you very much.

Holds Impromptu News Conference

PY0904231595 Lima America Television Network in Spanish 2210 GMT 9 Apr 95

[Impromptu news conference by Peruvian President Alberto Fujimori in front of his private residence in Monterrico, Lima—live; from the "Democracia 95" program]

[FBIS Translated Text] [Unidentified reporter] What are your first words after learning of your victory in the elections?

[Fujimori] Look, first of all I would have to express my gratitude to all Peruvians, who have not only supported me in these elections but also throughout these five years of my administration. I sincerely want to express my gratitude to absolutely all of them, no matter the party they supported in these elections.

[Reporter] Mr. President, some have reported that you would not obtain over 50 percent of the votes. The first estimates are reporting that you obtained 52 percent [as heard]. How do you feel about this support expressed by the Peruvian people?

[Fujimori] Look, if that is the case I am satisfied and very grateful to all citizens. Furthermore, I hope that these figures are confirmed by the National Election Board [JNE]. All these are estimates, which are undoubtedly encouraging. [passage indistinct] During this new administration we intend to be more expeditious in implementing the same policies we have implemented throughout these past years. We do not plan to adopt any spectacular measures...

[Reporter, interrupting] ...more jobs for Peruvians, Mr. President?

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[Fujimori] We will be achieving a higher economic growth, and therefore, it will result in more money for the government. This higher volume of money for the government will be channeled to all social sectors...

[Reporter, interrupting] More social works, Mr. President?

[Fujimori] ...as we have been doing for the past few years, and I believe this has been very well interpreted by the people.

[Reporter] Will you now put more emphasis on social works?

[Fujimori] Look, the economic program is not only centered on economic achievements, but also on granting more support for low-income groups.

[Reporter] Will there be any changes in the economic policy? To what do you attribute this high percentage in the elections?

[Fujimori] We will undoubtedly implement some adjustments, because we must continue progressing. These adjustments... [changes thought] I am not referring to adjustments such as a devaluation.

[Reporter] You are not planning to implement a shock economic program?

[Fujimori] No, no, no. Quite the contrary. As you know, our economy is quite well consolidated.

[Reporter] Will you meet with any political groups?

[Fujimori] That is a good question. I was listening, through the media, and there are several political groups that support our economic program. I am very pleased to hear that, and I am certain that all of us will be able to work together. I would also like to take this opportunity to assert that everything that was said during the campaign, either negative or positive, is now behind us. I hereby summon all Peruvians, and all...

[Reporter, interrupting] Are you denying the rumors of fraud?

[Fujimori] ...and all political parties to continue to strive to make Peru the number one country in Latin America.

[Reporter] Mr. President, are you denying the fraud rumors?

[Fujimori] [chuckling] Yes, indeed. We will continue to work at the same pace. We will continue to work intensely, because Peru deserves it, and because we have worked intensely to achieve the people's support.

I am awaiting the preliminary results, which the JNE will probably release tonight. Despite the estimates I am not proclaiming myself president, as I am waiting for the JNE report, because it has the last word on the elections results.

[Reporter] That was the president's official response...

[Second reporter, interrupting] Are you humble about this victory, then?

[Fujimori] I am waiting for the JNE to issue the official results. The preliminary estimates, which have some margin of error, have been released, but I would like to add that I do not want to make any comments before the JNE releases the preliminary results.

[Reporter] [passage indistinct]

[Fujimori] No, it belongs to the Peruvian people.

[Reporter] Mr. President, what reports do you have available about the citizens' behavior on this day of democracy?

[Fujimori] Well, it has been truly exceptional. I believe this is one of the few occasions in which the voting period has not been extended. The voting stations closed at 1500. Peruvians attended the voting stations en masse, and in a very orderly fashion...

[Reporter, interrupting] ...citizens have responded to their duties?

[Fujimori] They have indeed responded. Peruvians have shown the world that we practice true democracy, not only with votes but, as I have said, a democracy that results in the well-being of the people.

[Reporter] Mr. President, there was also a lot of restraint among the people?

[Second reporter, interrupting] ...political group, when in light of the results you will not enjoy a majority in Congress?

[Fujimori] With or without a majority, the government will continue to uphold the same guidelines. I understand that there are some political groups that support our government program which, as you know, is based on principles such as the streamlining of the public administration at all levels and the effective use of resources. Moreover, the entire economic program seeks to promote a social program. Many candidates have expressed this during the campaign, and I am sure they will continue to uphold this same policy throughout this term. In view of this, I believe we will be able to achieve agreements on these guidelines. I also believe these guideline are essential for achieving the development of our country.

[Reporter] Does this mean that you do not reject the possibility of achieving a meeting with the other presidential candidates?

[Fujimori] No, I am not rejecting anything, because all of us here are part of this great country. Thank you very much.

[Reporter] Congratulations, Mr. President, and thank you very much.

[Fujimori] Thank you very much.

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Interviewed on Projected Victory

PY1004021595 Lima America Television Network in Spanish 2338 GMT 9 Apr 95

[Interview with Peruvian President Alberto Fujimori by Nicolas Lucar at the Crillon Hotel in Lima—live; from the "Democracia 95" program conducted from the studio by Federico Salazar]

[FBIS Translated Excerpt] [Salazar] Hello, Nicolas, how are you?

[Lucar] Good evening, Federico. We are here with the president-elect. Congratulations, engineer Fujimori.

[Fujimori] Thank you very much.

[Lucar] Thank you very much for holding this first formal interview with the press after the elections results were released. How do you feel?

[Fujimori] Well, first of all I would like to express my gratitude to all Peruvians, because I now consider myself the president of all Peruvians. I do not consider myself only the leader of those who voted for me, but of all Peruvians.

I am satisfied with the results because they signify support for what we have done and for what we will do. This is where we will concentrate our efforts, to advance toward these goals.

[Lucar] If the exit polls trends are confirmed, it means you might obtain 60 percent of the votes or more. Frankly speaking, haven't you been taken by surprise by these results? Did you expect such high percentages?

[Fujimori] The polls conducted by a specialized group reported that we would obtain somewhere between 56 or 57 percent, while Ambassador Perez de Cuellar would obtain 26 percent. If these results are confirmed, we would of course be pleasantly surprised if we achieve 60 percent.

[Lucar] The opposition is trying to center the public's attention on the fraud issue. They allege that fraud has been committed. There is the Huanuco affair. They say that election process has been stained. Some opposition parties will probably question the legitimacy of these elections.

[Fujimori] I believe that the Huanuco affair has been definitely explained. Those who tried to commit fraud will most certainly be punished. It was detected in time. The massive concurrence of the people at the polls, for which they must be congratulated, categorically denies all fraud possibilities or fraud plans.

[Lucar] According to the investigation, what apparently occurred is that unscrupulous people removed vote ballots from the National Election Board [JNE]. They offered them for sale to some congressmen in order to commit a fraud that would have been impossible to accomplish. Nevertheless, the issue here is that there was a willingness to commit fraud and distort the election results. Apparently there are some Change 90-New Majority legislators involved in this?

[Fujimori] Fortunately, those involved in this crime have already been identified. After the appropriate investigations the JNE, with the support of the police and the Attorney General's Office, has been able to establish these categorical conclusions.

This attempt to try to change the voting records would have been useless, because these records would have lacked the signatures of the balloting table presidents, of the Electoral Registry Office officials, the seals of the balloting table in question, or of the party representatives. It would have been a very crude fraud that would have been easily detected by the JNE, in view of the methods that have been implemented. [passage omitted]

[Lucar] Mr. President, if you will put on the earphone you can now talk with Change 90-New Majority Congresswoman Martha Chavez, who is now in our studios. [passage omitted]

[Chavez] In our current Congress we have always tried to have the support and consensus of other political groups.

[Fujimori] Yes, and I hope that we will have smooth communications. I hope that the various charges made during the campaign are part of the past. We know have ahead of us a very hard task, and should always strive to benefit the people of Peru.

[Chavez] That is correct, Mr. President.

[Salazar] I would like to ask the president his opinion about this new political map that has resulted from these elections. It is one thing to achieve the reelection of President Fujimori with a congressional majority, and another the reelection of President Fujimori without a congressional majority. What will you do to avoid the excesses of the concentration of power, which sometimes does not even depend on the president?

[Fujimori] We are quite aware that we must act in compliance with the power bestowed on the president. We will be very careful that no excesses are committed by any government branch. I can guarantee the people of Peru that the power with which they have entrusted me will be put to good use.

[Salazar] Mr. President, but this means that you are resorting to a new language. We have heard you say things that were unheard of before, such as making efforts to achieve understanding and coordination with members of other congressional blocs. Is this a change in your ties with the legislature?

[Fujimori] No, not really. After listening in the media to several congressmen who support our objectives, I believe there will not be any problems in approving some important laws, but not as an alliance. I see no problem in working jointly to streamline the public administration. These are two areas on which the majority of the

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political groups agree. I reassert that we are not striving to achieve traditional alliances, which above anything else meant an exchange of favors at the expense of the country. [passage omitted]

[Lucar] Sol Carreno is in our studios. She would like to ask you some questions.

[Carreno] Thank you. I am not the only one who would like to ask some questions of the president; so would the other members of our permanent panel. I would first like to greet the president, and thank him for this interview on America Television.

I would like to insist on bringing up an issue that has already been discussed, namely the institutionalization of Change 90-New Majority.

Mr. President, the traditional parties with which the majority of Peruvians have identified themselves will virtually disappear as a result of these election. They obviously leave a space. Doesn't Change 90-New Majority need to fill this space, through some kind of organization, no matter what this might be?

[Fujimori] My categorical response is that I am convinced that I did not establish a political structure on purpose, but an open party structure that gathers together the most capable people able to lead the destiny of Peru.

In fact, the various cabinets that have been appointed in these five years have been composed for the most part of independents and people from different political parties. This is an indication of the freedom of action, of our non-affiliation, in adopting the measures that are best for the country. This is the great advantage we have. In view of this I do not think it is necessary to establish a party structure in Change 90-New Majority.

[Carreno] We thank you for your response. I would like you to remain with us, because we will now issue an estimate based on 50 percent of the votes.

[Fujimori] Thank you very much.

[Carreno] The following is a national projection based on 50 percent of the votes:

Alberto Fujimori [Change 90-New Majority]	64.2 percent
Javier Perez de Cuellar [Union for Peru Movement]	22.6 percent
Mercedes Cabanillas [American Popular Revolutionary Alliance]	3.6 percent
Alejandro Toledo [Democratic Coordinating Movement, CODE, Peru Viable Nation	3.3 percent
Ricardo Belmont [Obras Civic Movement]	3.0 percent
Raul Diez-Canseco [Popular Action]	1.4 percent
Agustin Haya de La Torre [United Left]	0.5 percent
Other Candidates	1.4 percent

[Lucar] Well, what do you think? The numbers start to grow in your favor.

[Fujimori] Yes, I do believe so, although I do not want to sound triumphant, because I am the president of all Peruvians.

I believe that as the results start to drop in from the rural areas, these will increase our percentages. We have had great acceptance in rural areas, particularly among peasants and rural communities, because they have great hopes of improving their living conditions. These results will be indicative of this. [passage omitted]

Transparencia Poll Gives Fujimori 64.5 Percent of Votes

PY1004040895 Lima America Television Network in Spanish 0320 GMT 10 Apr 95

[From the "Democracia 95" program]

[FBIS Translated Text] According to a report issued by the Transparencia polling company, the following are the elections results as of 2100 [0200 GMT]:

Change 90-New Majority obtained 64.5 percent;

The Union for Peru Movement obtained 21.3 percent.

The APRA [American Popular Revolutionary Alliance] obtained 4.1 percent.

CODE [Democratic Coordinating Movement]-Peru Viable Nation obtained 3.5 percent.

The Obras Civic Movement obtained 2.4 percent; and the other candidates obtained 4.2 percent.

JNE Postpones Issuance of Official Vote Count Results

PY1004043295 Lima America Television Network in Spanish 0340 GMT 10 Apr 95

[Report by Jesus Quiroz from the National Election Board, JNE, headquarters in Lima; from the "Democracia 95" program conducted by Nicolas Lucar]

[FBIS Translated Text] [Lucar] Jesus Quiroz is at the JNE headquarters. He has some news for us. Go ahead.

[Quiroz] Yes indeed, we are here at the JNE to report that right now the four JNE members are in permanent session.

According to a very reliable source, some votes have been objected to, and they must resolve this situation. In view of this, the news conference that was scheduled to be held at midnight has been postponed. Instead, this news conference will be held sometime between 0100 and 0300 [0600-0800 GMT] this morning.

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This means that the JNE will be issuing official vote results for president on 50 percent of the vote only at some time between 0100 and 0300. In addition, this reliable source added that official results are quite close to those results provided by the polling companies. That is the information we have available right now, Nicolas.

[Lucar] In other words, according to this reliable source the JNE official results are quite close to those issued by the polling companies.

[Quiroz] Yes, indeed, they are quite close...

[Lucar interrupting] ...b"t we will not be having any official JNE results until at least 0100.

[Quiroz] Sometime between 0100 and 0300, mainly because they have to review numerous observations made to the voting records. In view of this the news conference scheduled for midnight tonight has been postponed.

Before dawn today the JNE will be issuing official vote results for president based on 50 percent of the votes.

The OTEPSA [expansion unknown] Service Company is now working on the JNE official vote count. It is also working at all the provincial national election boards.

According to reliable sources, the JNE will be issuing vote count results on 70 percent of the votes by the early hours of tomorrow. This source added that the JNE will have official vote count results sometime between 48 hours and 5 days from now. This is because there is a lot of election material that will be arriving by land.

According to this source, the final vote count results, including the optional vote count, will be ready in about one week.

UPP Candidate Perez de Cuellar Concedes Defeat

PY1004035995 Lima America Television Network in Spanish 0303 GMT 10 Apr 95

[Statement made by Union for Peru Movement, UPP, presidential candidate Javier Perez de Cuellar from UPP headquarters in Lima—live; broadcast in progress]

[FBIS Translated Text] The voting has ended. Throughout this campaign I have seen a Peru of flesh and blood that suffers hunger, unemployment, and abandonment.

I was compelled to accept my candidacy for the presidency because of the inhumane living conditions of the majority of Peruvians.

I am convinced that no one can speak of successes in Peru when the majority continues to be submerged in poverty.

I decided to campaign for the presidency because I was convinced that Peru needs to clean its image before the international community, an image that has been categorically undermined by authoritarianism and the systematic destruction of its democratic institutions.

I was compelled to campaign because I am convinced that we Peruvians deserve better alternatives, and to be able to trust in an authentic democracy.

To be a true democrat, like I am, presupposes fair play, equal conditions, equal distribution of wealth, and preferential treatment of those who have less in our society.

I have witnessed that there is no political willingness to guarantee democracy on the basis of these terms; therefore I do not believe there is confidence in the procedures implemented to safeguard it.

The people have made a choice, but we will never know how much it has truly been decided on their behalf. From what we can tell, we admit that the people have decided to reward the defeat of terrorism and hyperinflation, although they have not been assured a future with democracy and social development.

I only hope that the Peruvian people's aspirations, ambitions, and hopes will be fulfilled.

We only hope that as of tomorrow, there will be a clear indication that Peru will be heading toward the establishment of a democratic society, namely, with clear rules and fair political play, equal opportunities for all, an equal distribution of wealth, and preferential treatment for the poor.

I will continue to place myself at the service of Peru, struggling to achieve a democratic society on the basis of social justice that will eradicate poverty and offer equal opportunities for all.

Thank you very much. [applause]

Candidates Deem Election Process Invalid, Question OAS

PA0904043495 Lima Panamericana Television Network in Spanish 0300 GMT 9 Apr 95

[Text of communique issued by seven candidates for the presidency of Peru in Lima on 8 April]

[FBIS Translated Text] Mr. Santiago Murray, chief of the OAS electoral observers mission:

As you know, more than 3,000 forged tally sheets representing approximately 5 percent of the national vote were discovered today in the city of Huanuco. It is known publicly that these tally sheets are official tally sheets that have been secretly manipulated, according to the police document on their confiscation that has been certified by the corresponding provincial prosecutor.

These events prove that organized fraud is under way and is designed to favor the reelection of presidential candidate Alberto Fujimori, because the fraudulent tally sheets give him three times as many votes as the next

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candidate. Inexplicably, the National Election Board has downgraded the fraud to a criminal act that was presumably meant to benefit candidates for Congress, thus acquitting the main beneficiary of the fraud, candidate Alberto Fujimori.

All this results in a critical situation of illegality that invalidates the 9 April electoral process.

Given the evidence, we deplore the fact that the OAS electoral observers mission is being manipulated by the government to endorse the electoral fraud now under way. Under these conditions, the presence of an OAS electoral observers mission loses its raison d'etre because it cannot guarantee the honesty of the electoral process.

Javier Perez de Cuellar
Raul Diez Canseco
Mercedes Cabanillas
Alejandro Toledo
Ricardo Belmont
Agustin Mantilla
Sixtilio Dalmau

Code Pais Posible Candidate Toledo Describes Elections

PA0904184195 Lima Panamericana Television Network in Spanish 1649 GMT 9 Apr 95

[Interview with Alejandro Toledo, presidential candidate for Code Pais Posible, by Jose Marino from the Cristo Salvador School and Roxana Canedo from the Panamericana studio in Lima—live relay]

[FBIS Translated Text] [Marino] We are live from the Cristo Salvador School. Alejandro Toledo, candidate for Code Pais Posible [Democratic Coordinating Group], is here to vote. What are your expectations regarding the results of these general elections?

[Toledo] My spirits are quite high. We had a campaign with highs and lows. They have made me pay a high price, and I was not warned, [laughs] but I will be happy regardless of the results. The only polls that are valid to me will be this afternoon's.

I have mixed feelings. I am excited. I gave everything I had to the country. We have assumed this with responsibility. We have presented a government plan. The country will make its decision. I have mixed feelings, because I am worried about the seriousness of the developments of about two or three days, and we just learned they were not isolated. They occurred in Cerro de Pasco, Apurimac, Puno, Cajamarca, and also in Ancash, we learned today. This situation truly worries us.

I must tell you, however, that in a meeting we held yesterday with the presidential candidates, I adopted the position of not making any traumatic decision that might destabilize the country. Now is the time to think with calm and wisdom while taking possible domestic and international repercussions into account.

[Marino] Political analysts have said that there could be a runoff election and that it would involve Ambassador Javier Perez de Cuellar and incumbent President Fujimori. In case there is a runoff election, which is very probable, as member of Code Pais Posible, would you be willing to commit votes to a political alliance?

[Toledo] No. Ask me that question after 1500, because nobody knows at this time who would be in a runoff election. If we go to a runoff election, we hope to win the support of Ambassador Perez de Cuellar and the other candidates. It would be premature for me to say at this time, given the lack of credibility of the polls and the recent incidents. I do not see a possibility of predicting the results at this time. I would not until after 1500. I invite you to visit me at our headquarters.

[Marino] Will you offer a news conference?

[Toledo] I will offer a news conference. I will accept any result, any decision the country makes. I will respect any judgment about my candidacy. I want you to know that I will stay here regardless of the results of this election. I will continue to promote our proposals. I will not return to Paris. I will not go to Japan. I will not return to Harvard.

[Marino] I thank you, but Roxana Canedo wants to ask you questions from our studio. Go ahead, Roxana.

[Canedo] How are you, Dr. Toledo?

[Toledo] Yes, in high spirits.

[Canedo] Our panelists are wondering if you are with your daughter.

[Toledo] Yes, she, Chantal, is here.

[Canedo] All our panelists have the same concern. You said the incident in Huanuco also occurred in other parts of the country. Do you have evidence?

[Toledo] No, there are signs, but it would not be responsible for anyone to categorically state this remark without data in hand. We have clear indications that this type of incident occurred in Apurimac, Cerro de Pasco, Cajamarca, and it was also said in Ancash this morning. I will not reach any conclusion, however, until I see the data. The data we did see pertained to Huanuco.

Candidate Belmont: Country's Future at Stake

PA0904190795 Mexico City NOTIMEX in Spanish 1751 GMT 9 Apr 95

[FBIS Translated Excerpt] Lima, 9 Apr (NOTIMEX)—Peruvians must prevent "low blows to democracy and reject an electoral fraud" that would only favor Alberto Fujimori's reelection, Ricardo Belmont, candidate of the Works Civic Movement, said today.

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Belmont insisted the Andean country's future is at stake in today's general elections, which will renew the executive and legislative branches.

The current Lima mayor, who is among the four major candidates, said the elections have developed irregularly due to alleged electoral fraud and unequal campaign charges.

"If we Peruvians accept a fraud, which is tantamount to betraying the people's trust, then we would deserve anything," the leader of the Works Civic Movement added. [passage omitted]

Alliance Candidate: Peruvians Voting Without Guarantees

PA0904195295 Lima Panamericana Television Network in Spanish 1919 GMT 9 Apr 95

[Interview with Mercedes Cabanillas, presidential candidate for the American Popular Revolutionary Alliance, by an unidentified reporter at the Jose Antonio Encinas School in Santa Anita—live relay]

[FBIS Translated Text] [Reporter] Dr. Mercedes Cabanillas, presidential candidate for the American Popular Revolutionary Alliance, is approaching polling table 032948 at the Jose Antonio Encinas School in Santa Anita. What does casting a vote mean to you?

[Cabanillas] As millions of Peruvians, I would have preferred this to have been a true, civic party. It is unfortunate and sad, however, that we Peruvians are voting without guarantees, without assurance that the results will reflect our votes, because an electoral fraud was confirmed not only in Huanuco. There are fraud charges in Moyobamba and Tarapoto.

Exit Poll Based on 100 Percent Gives Fujimori 62.9 Percent

PY1004015795 Lima America Television Network in Spanish 0130 GMT 10 Apr 95

[From the "Democracia 95" program]

[FBIS Translated Text] At 0130 GMT the following are the exit poll projections at a national level based on 100 percent of the votes:

Alberto Fujimori [Change 90-New Majority]	62.9 percent
Javier Perez de Cuellar [Union for Peru Movement]	23.5 percent
Mercedes Cabanillas [American Popular Revolutionary Alliance]	4.1 percent
Alejandro Toledo [Democratic Coordinating Movement, CODE, Peru Viable Nation]	3.4 percent
Ricardo Belmont [Obras Civic Movement]	2.9 percent
Raul Diez-Canseco [Popular Action]	1.4 percent
Ezequiel Ataucusi [Popular Agricultural Front of Peru]	0.6 percent
Other candidates	1.2 percent

This has been a flash based on 100 percent of the valid votes at the national level as has been reported by the Peruvian Market Research Company [CPI].

OAS Secretary General Comments on Election

PA0904155595 Lima Panamericana Television Network in Spanish 1436 GMT 9 Apr 95

[News conference by OAS Secretary General Cesar Gaviria Trujillo with unidentified reporters at the Maria Reyna School in Miraflores District, Lima—live]

[FBIS Translated Text] [Gaviria] There have been some delays, but the election is moving relatively well in general. We have had the opportunity to witness a good turnout at the polls. All the individuals in charge of the voting booths have found all their material.

I can say that I wish the entire election in Peru is conducted in this atmosphere of calm and coexistence. I hope that at the end of the day they can initiate the counting process that can lead to a result that reflects the will of the Peruvian people.

[Reporter] [Words indistinct]

[Gaviria] We are going to give a statement on the election today. We do not want to become supporters of any political party. We are a mission in charge of observing the election and are here to observe the fulfillment of certain regulations. We have coordinated with many other foreign government organizations and officials to ensure the Peruvian electoral system can reflect the people's will. That is what I can say today.

Huanuco Election Board Reports Electoral Fraud Attempt

PY0704230895 Madrid EFE in Spanish 1942 GMT 7 Apr 95

[FBIS Translated Text] Lima, 7 Apr (EFE)—An electoral fraud attempt that was discovered and reported by authorities in Huanuco, in the Peruvian central mountainous region, was made public today, 48 hours before the 9 April Peruvian general elections.

The charges made by Ricardo Robles, president of the Huanuco Provincial Election Board, state that 11 people were arrested in a private residence while filling in vote tally records as if the 9 April elections had already been held.

He added that a total of 3,000 vote tally records were found and 500 of them had already been filled in with names of candidates.

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In a statement to the media, Robles said today that the vote tally records that had been filled in "favored candidates from several political groups." He did not, however, disclose the names of the political groups and candidates in question. He also declined to specify whether it involved presidential or congressional candidates.

Robles explained that the material found was official authenticated copies. He said they found installation records, voting records, vote tally proceedings records, and optional votes, as well as other materials, such as seals and envelopes.

Robles added that this material had been supplied directly from Lima, where the National Election Board (JNE) headquarters are located, and that it had been established that the material was remitted by a company.

Robels stated that the election material the Huanuco Election Board had received was duly checked and under safekeeping, and that under no circumstance could it be in the hands of the alleged violators of the electoral law.

He added that the vote tally records that had been filled in as if the elections had already been held contained names of Huanuco candidates as well as candidates from other regions of the country, such as Pucallpa and Aguaytia, in the jungle department of Ucayali, neighboring Huancuo.

Robles said that the court investigations must establish responsibilities. He also asked the pertinent authorities to enforce severe punishments for those who instigated and perpetrated the fraud.

Attorney General Blanca Nelida Colon traveled today to Huanuco in the company of a special judge appointed to investigate a case which has shocked Peruvians only two days before the 9 April presidential and legislative elections.

Political opposition groups have repeatedly charged that the government is plotting an alleged fraud to favor the reelection of incumbent President Alberto Fujimori. Government spokesmen have rejected these charges, however, alleging that they are "a desperate effort made by those who are losing the election."

The JNE has asserted that the elections will be "the cleanest elections in recent years," while the OAS observers mission recently said that there have been certain "irregularities" that have been reported by opposition groups, but no fraud.

Council of Ministers Issues Communique on Fraud Attempt

PY0804032395 Lima Global de Television Network in Spanish 0130 GMT 8 Apr 95

[FBIS Translated Text] The following is a communique issued by the Presidency of the Council of Ministers, No. 004/94PCN, in relation to the press communique issued today, 7 April, by the OAS electoral observers regarding the event in the town of Huanuco. The office of the president of the Council of Ministers wants to inform the people of the following:

1. Through police report number 006JSH-HCO, the following individuals have been placed at the disposal of the Attorney General's office, accused of having committed crimes against the people's will and against the right to vote: Oscar Abraham Nieves Vela, Abraham Nieves Fabian, Isaac Adviendo Renuncio Falcon, Maria Lourdes Alvarado Liberato, Lincoln Manuel Concepcion Perez Alvar, Henry Alfonso Rodrigo Ascencio, Cesar Roble Ayudin, Maquina Lucinda Aguilar Santillano, Victor Eduardo Rivaler, Clever Alex Acosta Bocanegra, Juan Carlos Velaculci, Gustavo Feliciano Barrenechea Tamayo, Gilbert Alberto Nieves Vela, Enrique Espinoza Zeballos, Ronald Uzmero Olivares, Sergio Morales Valencia, and Valentin Palomino.

Perez de Cuellar Charges Fraud, Hints at Withdrawal

PA0804232995 Lima Radio Programas del Peru Network in Spanish 2140 GMT 8 Apr 95

[Interview with presidential candidate Javier Perez de Cuellar by Alberto Ramirez at Union for Peru's offices in Lima—live]

[FBIS Translated Text] [Ramirez] Sir, would you briefly tell us of your concerns, when the elections are but a few hours away?

[Perez de Cuellar] I want to report that 3,000 or more ballots were seized in Huanuco a few hours ago. I cannot term this development anything but scandalous. The ties between Change 90/New Majority and this fraud are evident. This shows that the presidential candidate is obsessed with being reelected at any cost.

I want to call attention to the magnitude of this fraud. As I said, 3,000 ballots were seized. This amounts to 6 percent of the national electorate. Furthermore, these ballots do not seem to be the only ones taken from the electoral offices. I must also report that all those documents came from the offices of the National Election Board [JNE].

I also want to mention some of the irregularities we have observed in the past few months. One—and this is very important—is that JNE has refused to provide a register of voters. This means the candidates do not know who the voters are. As you will see, this is very important. Second, we do not know where the ballots will be taken after the voting or what means of transportation will be used to take these ballots to the provincial boards. I believe the JNE is obliged to solemnly verify that it is in a position to control this process without any pressures. If it cannot do so, the JNE cannot guarantee an acceptable democratic process.

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Furthermore, I appreciate the OAS secretary general's visit to Peru, of course, and I am confident that, as former president of a democratic country, he will not, through his silence, lend himself to supporting an irregular process. But if the OAS mission shows that it cannot fully verify the efficacy of the process, many Peruvians will question the significance of having the OAS mission observe the elections.

I would also like to call on the patriotic officers of the Armed Forces, whom I know are mostly democrats, to not lend themselves to any kind of fraud and to thus honor the valuable example of our heroes. Finally, I call on Peruvian citizens, regardless of voting preference, to defend the people's vote. It is very important that the authorities respect the democratic vote.

I am bound to the country and my electors; this obliges me to stay in the elections as long as is acceptable. But I also demand that the JNE give me guarantees that it is in a position to ensure the cleanliness of this process. Thank you.

[Ramirez] Those were statements by Javier Perez de Cuellar, presidential candidate of the Union for Peru.

[First unidentified anchorman] Alberto, we would like to ask the ambassador a question. Do you think he can honor our request?

[Perez de Cuellar] Yes.

[Anchorman] Good afternoon, Mr. Ambassador. We have Mr. Orlando Moda of Transparency and Mr. Roberto Tarasona in our studios. We would like your opinion on whether the participation of Transparency in the elections will help guarantee the transparency of these elections.

[Perez de Cuellar] Yes, I believe it is an excellent contribution to the honesty of the electoral process. Evidently, as we all know, its resources are unfortunately not up to the demands of this difficult process. But I am convinced that Transparency will be a very useful factor.

[Second unidentified anchorman] Good afternoon, Mr. Ambassador. Regarding what happened in Huanuco, a friendly radio listener called a few minutes ago to say—I don't know how she got the information—that similar cases had occurred in Huancavelica and Cerro de Pasco. Do you have anything on this?

[Perez de Cuellar] Yes. We have also received this information but do not have the evidence as we do in this concrete case. We have also been told that another such case occurred in Puno. Anyway, they are very alarming symptoms, and we have to watch such incidents very carefully.

[Second anchorman] The Attorney General's Office, the Prosecutor's Office have to take immediate action on this case.

[Perez de Cuellar] Well, I understand the prosecutor has already taken action, and we trust, based on the high moral values a prosecutor general must have, that she will honor the tasks assigned to her.

[First anchorman] What do you think about the fact that the JNE did not accept the Council for Peace's request to participate as observers?

[Perez de Cuellar] I regret it because I would have wanted all those who wanted to observe the electoral process to be accepted.

[First anchorman] Well, Mr. Ambassador, we thank you for honoring our program.

Electoral Board Investigates Vote Fraud

PA0904011995 Lima Radio Programas del Peru Network in Spanish 0023 GMT 9 Apr 95

[Text of communique issued by National Election Board in Lima on 8 April; read by Election Board member Guillermo Rey Terry—live]

[FBIS Translated Text] The National Election Board [JNE], given the critical events reported by the Huanuco Provincial Electoral Board, reports the following to the public:

1. During a JNE plenum held 7 April 1995, it was decided that Dr. Manuel Catacora Gonzalez should travel to Huanuco and investigate in situ the events which had occurred.

2. Investigations by Dr. Manuel Catacora Gonzalez in the mentioned city have led to the following conclusions:

A. At a commercial facility owned by Enrique Espinoza Zevallos, located in Giron No. 432 in Huanuco, members of the provincial JNE, with the support of two on-duty soldiers, seized electoral material listed on a verification document that is now in the JNE's hands.

B. It was established that this material was forwarded by Mr. Sergio Morales Valencia, an employee of JNE who works at the Pichi Street warehouse, with the consent of Tulio Torres, his chief at the same location. It is also known that Morales Valencia made the remittance because he contacted Mr. Alberto Nieves Vela, who is an adviser of Congressman Pablo Tello Tello. The person who put Nieves in contact with Morales was Gustavo Reyes Lugo, coordinator of the Pasco Provincial JNE and employee of JNE's data processing department. This material, as handed over by Morales, was intended for Ronald Humner Olivari, accredited Popular Christian Party [PPC] representative to the Huanuco Provincial Board.

C. At the time of the seizure, several people—11 individuals—were caught red-handed filling in the installation, voting, and electoral ballots from several polling stations. These are:

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C.1. Dos de Mayo Province, District D, San Miguel de Cauri, Aparicio Pomares, Rondos, Tibia Jesus.

C.2. Bonalies Province, District D, Chavin de Pariarca.

C.3. Pachitea Province, District D, Humari Molinos.

C.4. Coronel Portillo Province, District D, Raimondi. The latter corresponds to Ucayali Department.

We also seized 2,608 blank ballots, 360 ballots that had been filled in, and 56 ballots with erasures [borrones]. This is a total of 3,024 tally sheets.

E. [as heard] The congressional ballots that had been filled in favored the following candidates: 1,173 for Horacio Cane Patorre of the Popular Christian Party; 1,155 for Victor Hoi Wei of Change 90; 1,144 for Bertilo Malpartida Tello of Popular Action; 920 for Wilfredo Del Carpio of the Code Pais Posible [Democratic Coordinating Group]; 879 for Alicia Hidalgo Talamin of APRA [American Popular Revolutionary Alliance]; 377 for Rafael Urrelo Guerra of Change 90; 248 for Jorge Espinosa Iguabil of United Left; 236 for Rolando Brena Partoja of United Left; 226 for Victor Barrera Bazan of United Left.

F. We also seized 350 ballots for the presidential and vice presidential elections. These favored: 3,225 for Change 90; 1,708 for UPP [Union For Peru]; 1,104 for APRA; 730 for Code Pais Posible; 559 for Popular Action; 359 for United Left; and 250 for Obra.

The rest of the electoral material, such as envelopes, pencils, etc., are described in the seizure report. The board has a copy of same.

[Words indistinct; anchorwoman interrupts for station identification] ...the following individuals: Oscar Abraham Nieves Bela, Abraham Nieves Fabian, Isaac Alviento Remigio Falcon, Maria Lourdes Alvarado Liberato, Lincoln Manuel Concepcion Perez Alba, Henry Alfonso Ronquillo Atencia, Cesar Robles Ruin, Magda Lucinda Aguilar Santillan, Victor Eduardo Hubner Olivari, Clever Alex Acosta Bocanegra, Juan Carlos Vela Pulqui, Gustavo Feliciano Bernachea. We do not have the following: Gilmer Alberto Nieves Bela, Enrique Espinoza Cevallos, Ronald Hubner Olivari, Jaime Valentin Palomino, Cesar Morales Valencia. It has been reported that this last individual has been arrested and brought here from Lima. [as heard]

H. Once this police investigation concluded, he was sent to the Attorney General's Office, which has complied by filing criminal charges. This has resulted in an order to start criminal proceedings for crimes against the people's will and public faith. Arrest warrants have been issued for all of the accused.

I. It is also known that the police have begun a more thorough investigation. This investigation is now in its preliminary stage and has resulted in the arrests of Sergio Morales Valencia, Tulio Torres, and Augusto Reyes Lugo, all employees of the JNE.

3. The JNE wishes to highlight the timely and determined actions by the Huanuco JNE.

4. Based on the results of preliminary investigations, there is no reasonable evidence that would assign blame for these actions to any political party, independent group, or electoral alliance. This does not detract from the responsibilities for the crimes that will be established by the Judicial Branch regarding the alleged culprits, who belong to various political groups.

5. A crime has been perpetrated that involved the removal of ballots, which have since been recovered, so this will not affect the results of the electoral process in any way. Therefore, the JNE agrees to give representatives of the political groups each a copy, on diskette, of the electoral list. It reconfirms Resolution No. 205-95-JNE, authorizing these same groups to escort the electoral representative who is holding the so-called red envelope, which contains the principal copy of the tally sheet filled out at the polling table, to provincial JNE facilities where the computer system operates.

Likewise, it authorizes representatives who so request to remain at the facilities where tally sheets containing the preferential votes for congressional candidates will be deposited, based on the facilities' capabilities, which will be assessed and established in coordination with the corresponding JNE.

Lima, 8 April 1995
Dr. Ricardo Nunez, Dr. Manuel Catacora Gonzalez, Dr. Romulo Munoz, Dr. Walter Hernandez Canelo, Dr. Guillermo Rey Terry

OAS Observers Issue Bulletin on Fraud Dispute

PA0904044795 Lima Panamericana Television Network in Spanish 0300 GMT 9 Apr 95

[Press bulletin issued by the OAS electoral observers mission in Lima on 8 April; from the "24 Hours" newscast]

[FBIS Translated Text] With regard to the events in the city of Huanuco, the OAS electoral observers mission informs the public:

1. On 7 April, the OAS observers mission issued a communique stating its concern about the events in the city of Huanuco.

2. In compliance with what was agreed during the meeting held on 7 April by the coordinator general of the OAS observers mission and Attorney General Blanca Nelida Colan, Dr. (?Cesar Alede Van der Berre), ad hoc deputy in the case, went to the city of Huanuco to personally investigate events.

3. As decided by the plenum of the National Election Board, Dr. Manuel Catacora Gonzalez, second in command of this supreme electoral organization, went to the city of Huanuco on 7 April to prepare a report on the situation.

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4. We know that the police have concluded their investigations and that their results were submitted to the Attorney General's Office, which will file the corresponding reports, giving rise to the trial on the crimes committed against the people's resolve and public faith. Arrest warrants were issued for all involved in the case.

5. This mission is also aware that an additional police investigation has begun.

6. The OAS observers mission quartered in the city of Guanuco is strictly following up on the events that were reported and will reinforce its observations in the area on election day.

7. The OAS observers mission hopes the proper authorities will conduct the investigations until all events are fully clarified, thus contributing to guaranteeing that the electoral results will faithfully reflect the people's resolve, while restoring legitimacy and honesty to the electoral process.

Santiago Murray, coordinator of the OAS observers mission

Uruguay

Security Services on 'Full Alert' Due to Terrorists

PY0704013695 Montevideo LA MANANA in Spanish 1 Apr 95 p 15

[FBIS Translated Text] National Security Services—including the defense and interior ministries' intelligence services—have been placed on full alert due to the presence in Uruguayan territory of three international terrorists belonging to the Japanese Red Army.

The malevolent guerrillas, a woman and two men, allegedly entered Uruguay using false passports. This was no sooner discovered than security operations were mounted nationwide.

Government authorities do not rule out the possibility that these terrorists have come to the River Plate area to carry out a specific mission, which would undoubtedly place thousands of citizens' lives in jeopardy.

Neither do they rule out the theory that the three subversives, who are reportedly Japanese citizens, have come to Uruguay to complete the first stage of their "operation" and then intend to cross over the border to Argentina or Brazil to perpetrate a bomb attack, as they are known to be experts in the handling of explosives, among other things.

Although no official announcements were made, the newspaper LA MANANA was able to confirm through reliable sources close to the Interior Ministry that security was greatly reinforced at border checkpoints and at Israeli schools and synagogues at least two weeks ago, when intelligence services confirmed the presence of the three members of the Japanese Red Army in Uruguay.

According to our informants, the terrorists are: A.R.M., alias Leal Oskiki, 32, who entered our country under a Paraguayan passport; T.T., alias Dober Wilfredo Ruiz Fukumoto, 38, who traveled under a Peruvian passport; and the woman, whose initials are L.S.F., but better known in her group as Yannie Kang, 49. She entered the country using a British passport.

Intelligence services are working with two leading hypotheses. The first is that the three guerrillas came to Uruguay after having contacted their colleagues in Latin America with the objective of perpetrating one or several attacks with explosives.

The second hypothesis is that the two men and the woman decided to flee their country because the Japanese authorities, who had already confirmed their identities and their affiliation with the Red Army, were hot on their heels.

LA MANANA also learned that the three guerrillas are extremely dangerous and that they participated in numerous terrorist attacks in which many people died not only in Japan, but also in other parts of the world, where they traveled to fulfill their terrorist missions.

In view of this situation, Brazil and, in particular, Argentina, because of the terrorist attacks that occurred in that country, have put their security forces on full alert.

Not long ago, our neighboring countries' authorities had informed the public about possible new bomb attacks.

Such information may possibly be confirmed now in light of the presence of these three terrorists, who might have come to our country to carry out those plans by providing support to elements having a particular political ideology.

The long and short of it is that given their "modus operandi," these guerrillas belonging to the Red Army, who are said to be dangerous, are in the River Plate area, possibly to undertake an action having terrible implications.

Venezuela

APRA Denounces Irregularities in Peruvian Election Process at Consulate

PA0904190195 Mexico City NOTIMEX in Spanish 1757 GMT 9 Apr 95

[FBIS Translated Text] Caracas, 9 Apr (NOTIMEX)—Representatives of the American Popular Revolutionary Alliance (APRA) of Peru today denounced irregularities that allegedly favor candidate Alberto Fujimori in the election process conducted at the Peruvian consulate in Caracas.

According to Fermin Villa, APRA spokesman in Venezuela, political propaganda favoring Fujimori, who is

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seeking reelection, "unexplainably" appeared at the beginning of the process to elect the president of Peru.

Peruvian consular authorities in Caracas denied the report and said voting is taking place in an absolutely normal manner.

Approximately 12,000 Peruvians are expected to vote in Venezuela to elect their president, and Fujimori is widely favored by Peruvians residing in Venezuela, according to estimates published by newspapers.

Governors Discuss Funding, Law Reforms

95SM0262B Caracas EL DIARIO DE CARACAS in Spanish 11 Mar 95 p 30

["Special Report from Maturin" by Nadia Perez]

[FBIS Translated Text] The governors of 18 states meeting yesterday in Maturin, the capital of Monagas, agreed to ask the Supreme Court of Justice to nullify the wholesale tax that is levied on vendors to state governments, believing that this measure appears unconstitutional. The governor of Carabobo, Henrique Salas Romer, commented that the tax in question constitutes a reversion to the nation or to the central power of resources which, according to the Constitution, belong to the states. That is why they felt it necessary to appeal to the Supreme Court to rule on the unconstitutionality of this law.

A similar statement was made by the governor of Zulia, Lolita Aniyar de Castro, who maintained that the application of this tax to all sales in Venezuela, without any discrimination concerning the destination of these sales, subjects both states and municipalities to the payment of a national tax, for the decree which created it did not include an express exemption of sales intended for government bodies, "which by definition are excluded. Such principles have been recognized in our legislation and by Venezuelan jurisprudence."

The Zulia governor proposed a reform in principle of the decree-law that created the Luxury Consumption and Wholesale Tax. Such a reform should stipulate that the states are exempt from this tax.

Castro also proposed organizing a system for the reimbursement of sales taxes to states and municipalities, a mechanism used in the European Community countries for refunding sales taxes paid by tourists. She recognized that this would require a considerable administrative effort on the part of the Finance Ministry.

The chief executive of Portuguesa also expressed his view on this issue, suggesting that the governors should appeal directly to President Rafael Caldera, to ask him to make a decision on this.

Resources and Transfers

After the opening of the Second Regular Assembly of the Governors Association of Venezuela, the president of Fides [Intergovernmental Decentralization Fund], Ambrosio Perera, spoke, opening up an intense debate in which the governors meeting in plenary session made clear the need to strengthen the decentralization process through transfer, not only of powers, but also of the resources needed to carry out the process—which according to the host governor, Guillermo Call, has been "practically paralyzed" for the past two years.

The governor of Carabobo, Henrique Salas Romer, also commented on this issue that it was stated in principle when the Value Added Tax was created that taxes would be in their totality. Then the level was changed to 50 percent, and finally the law created Fides and set the progressive participation of the states in the collection of the Luxury Consumption and Wholesale Taxes at four percent. Salas Romer said that in practice Fides has received nothing, while it involves a major investment in bureaucratic costs.

The governor of Carabobo said that the governors refuse to have these resources used to feed a bureaucracy, as has happened with other resources collected in the regions for funds like housing, Social Security, and Unemployment Insurance. These funds stay in Caracas and are not returned in an equal proportion to the states.

The governors' proposal on this issue will be to formally request Congress to completely reform the Fides Law so that new percentages can be set and so that a simpler mechanism can be created for returning resources to the regions, a mechanism which in their opinion could be created through the approval by the appropriate minister (internal relations) of a proposal submitted by the governor or mayor who would assume responsibility for the item assigned to the federal entity in question. In the second place, the governors will demand that the Finance Ministry and the National Treasury immediately pay the Intergovernmental Decentralization Fund monies which are in arrears.

On this point, the governor of Lara, Jose Mariano Navarro, proposed to his colleagues that an investigation be conducted of the destination of the interest accumulated to date on resources intended for Fides; so far this has not appeared in the documentation.

Working Groups

After the Assembly opened, the governors divided into the following working groups: Policy, Security and Defense, chaired by Henrique Salas Romer; Constitutional Reform, chaired by the governor of Barinas, Gehard Cartay; Decentralization, led by Jose Francisco Ron Sandoval of Tachira; Infrastructure and Economy, by Arnaldo Arocha of Miranda; Health, by Jose Mariano Navarro of Lara; Education, by Andres Velasquez; and Social Development, chaired by Aldo Cermeno, governor of Falcon.

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Calls for Decentralization

The statement made by the governor of Monagas, Guillermo Call, about the virtual paralysis of the decentralization process, certainly summed up the feelings of the majority of the governors meeting in Maturin on Thursday and Friday.

Call said that in his own case the Senate has already approved the transfer of the housing sector to his region; however, to date the president of Inavi [National Housing Institute] has not appointed a representative from that organization to discuss the terms of this transfer with him.

Similarly, the governor of Bolivar State, Andres Velasquez, said that "if the decentralization process does not become more dynamic, the giant step forward that was taken toward democracy when the election of governors by popular vote was decided will end up as just one more routine process in the withered structure of our democracy."

In his opinion, President Rafael Caldera's government "is definitely hostile to decentralization." Therefore, he proposed to his fellow governors that they issue a strong statement on decentralization, calling for progress in transferring authorities to the regions. "Education, social programs, and planning can not continue to be run from Caracas; nor can the resources of Inavi and Mindur [Ministry of Urban Development] be managed from the capital."

Constitutional Reform

Constitutional reform was another issue considered by the state governors. Gehard Cartay, who chaired the working group on this topic, noted that the discussion would focus on the need to reform legislation on the issue of the removal of governors, in order to reduce the power which legislative assemblies have shown to date. Through a failure to approve governors' Report and Accounts, the legislatures have been able to remove governors, even though they were chosen by popular election. Denis Balza, the governor of Anzoategui, who of course came into office after the removal of the Social Christian governor, Ovidio Gonzalez, supported a constitutional reform on this issue and a reform of the Law on the Election and Removal of Governors, as in his view the power of the legislatures should be limited, and a popular referendum should be used to ratify or disapprove a decision of such a scope.

The Monagas Statement

The Second Regular Assembly of the Governors Association of Venezuela concluded its meeting in Maturin yesterday evening after issuing the Monagas Statement and electing its new Board of Directors, chaired by Miranda's governor, Arnaldo Arocha. They agreed:

- To eliminate the provision contained in Article 24 of the Constitutio...
- To seek the inclusion of constitutional provisions allocating taxing authority to the states, enabling taxes on consumer goods to be collected in their jurisdictions; this provision will apply to products like gasoline, cigarettes, and alcohol, whose revenues have been monopolized by the central government.
- To have the taxing authority for rural property taxes reserved expressly to the states.
- To have taxing powers established in an precise and specific form, not through the use of residuary formulas.
- To support the inclusion in the Constitutional Reform bill of the express allocation of authority to the states for highway patrols and the organization, direction, and administration of penal facilities. This authorization must be accompanied by the allocation of appropriate financial and budgetary resources.
- To recommend extending to four years the duration of the term of state public offices.
- To demand that the National Executive immediately transfer the Intergovernmental Decentralization Fund resources which have been unjustifiably retained in the National Treasury.
- To ask the President of the Republic to issue the general legal regulation and the special regulations giving the states and municipalities access to Fides resources.
- To demand that the National Executive comply with Senate agreements approving the transfer of services sought by the states, and order his officials to implement these transfers and to comply strictly and completely with agreements covering the transfer of exclusive powers.
- To ask the Supreme Court of Justice to overturn the Wholesale and Luxury Consumption Tax on the grounds of unconstitutionality, as it violates the fiscal immunity of the states and municipalities from depredations of their budgets.
- To support all initiatives to expand the capacity for protection of the borders, promoting the settlement of these areas and their military and institutional reinforcement.
- To ask Congress to revise the Income Tax insofar as it relates to the establishment of a 35 percent tax for the agricultural sector.
- To reject the General Police and Citizens Security Bill.
- And to express their solidarity by celebrating the bicentennial of the heroic action of Jose Leonardo Chirinos, the precursor of Venezuela's independence movement, on 10 May of this year.

Court Ruling Results in MAS Leader Losing Congress Seat

95SM0262A Caracas EL DIARIO in Spanish 8 Mar 95 p 19

[Article by Iraima Gomez Ramirez]

[FBIS Translated Text] The First Administrative Court has ruled in favor of the uninominal candidate for

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deputy from Sucre State, Elio Figuera. This decision leaves MAS [Movement Toward Socialism] leader Victor Hugo D'Paola, who has been serving as head of the "orange" faction, out of Congress. This unofficial information was obtained from MAS sources.

It was learned that the Administrative Court will announce its decision in favor of the appeal filed by Elio Figuera, possibly today, Wednesday [8 March]. The vote by the magistrates was three in favor of Figuera's appeal, two opposed, with one abstention.

"The ruling is going to say, first of all, that the appellant's success causes the Court to rule in favor of Figuera, and the Supreme Electoral Council will then proceed to remove D'Paola and proclaim the true MAS deputy for Sucre State."

Figuera ran for the post of uninominal deputy for the second circuit of Sucre State against the AD [Democratic Action] candidate, Douglas Nassar, who was elected at that time, and that led to the appointment of D'Paola, who headed the "orange" slate.

If Figuera is indeed ruled to be the uninominal deputy, the MAS slate candidate, D'Paola, would be out, and Carlos Mata, who leads the slate for AD, would then take that seat.

It was also learned that the Court will rule against Deputies Jose Alvarado and Ernando Duran of Causa R. Instead of the first candidate, Nelson Chitty La Roche would be the uninominal deputy for Copei [Social Christian Party], and Domingo Pinate would become the slate leader for the greens. The independent deputy for Convergence, Manuel Alfredo Rodriguez, would be replaced by the Causa R candidate, Arquimides Lisett of Bolivar State.

MAS Will Review the Decision

The secretary general of MAS, Enrique Ochoa Antich, reported the Court's decision as a fact, and expressed the party's regret, but said they would respect the ruling. "Next Monday the MAS Executive Committee will analyze the Court ruling and then we will present a more concrete opinion on the issue."

He added that they have confidence that Figuera will perform his parliamentary duties with the same determinatiom and dedication as Victor Hugo D'Paola did. He also announced that the "orange" Executive Committee is going to consider his proposal to appoint D'Paola coordinator of relations between the government and MAS.

Money Works Miracles

The MAS leader considers this ruling by the First Administrative Court to be the result of internal disputes in MAS and of pressures brought by the Munoz faction, even against the Court's magistrates.

"The Sucre Electoral Board ruled unanimously in my favor, and the CSE [Supreme Electoral Council] also decided with ten votes for me, and one against. So this had always been upheld, but I do not know... they think that money can work miracles." He added that Elio Figuera, "who belongs to Fedecamaras" [Venezuelan Federation of Associations and Chambers of Commerce and Industry], wants to be a candidate for mayor of Cumana in Sucre State—running against another MAS candidate, Mr. Lastra, an engineer, who supports the party leader, Victor Hugo D'Paola.

"I do not know whether this decision by the Court is really against me personally. Instead, I believe that it is intended to favor the representative of an internal current, Figuera, in his contest for the mayoralty of Cumana." When asked whether he would accept the post of coordinator of relations between the government and MAS, he indicated that he has held almost all the jobs in the MAS.

"In any case, that will depend on what happens. We are going to wait for the Court to issue its decision."

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